



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

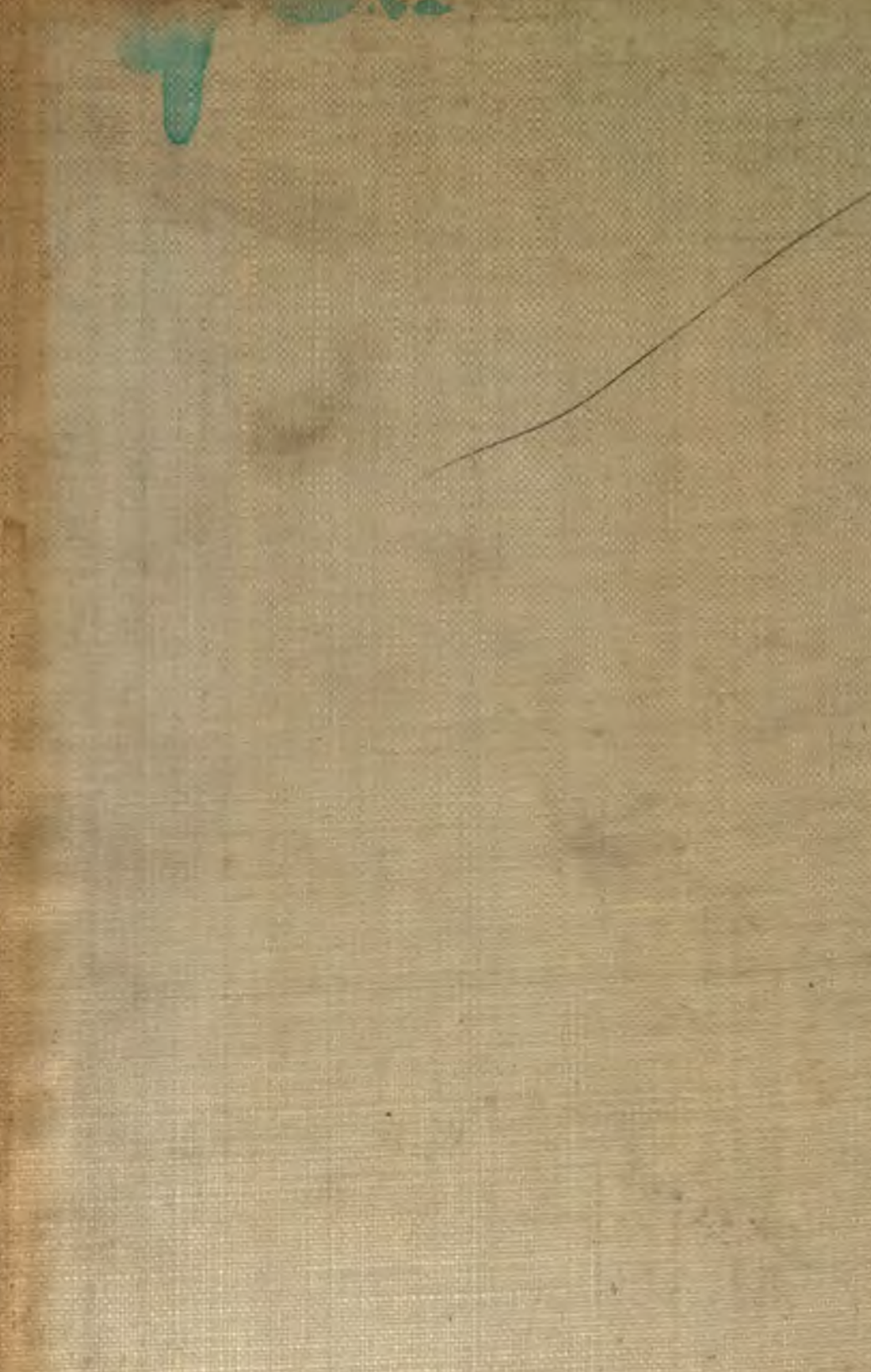
Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

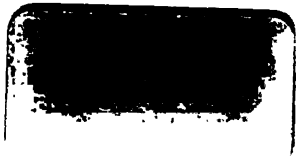
- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

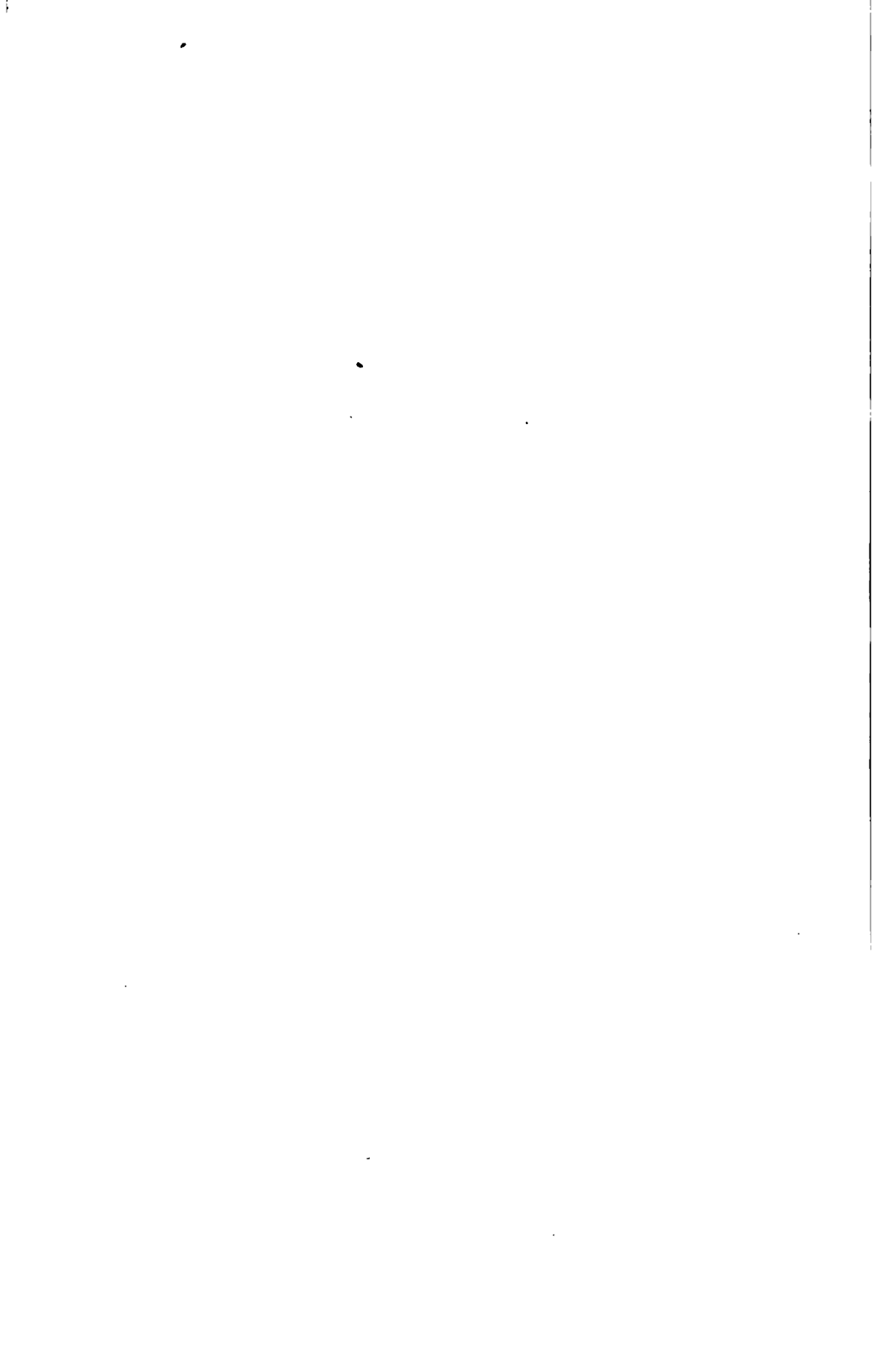
Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>



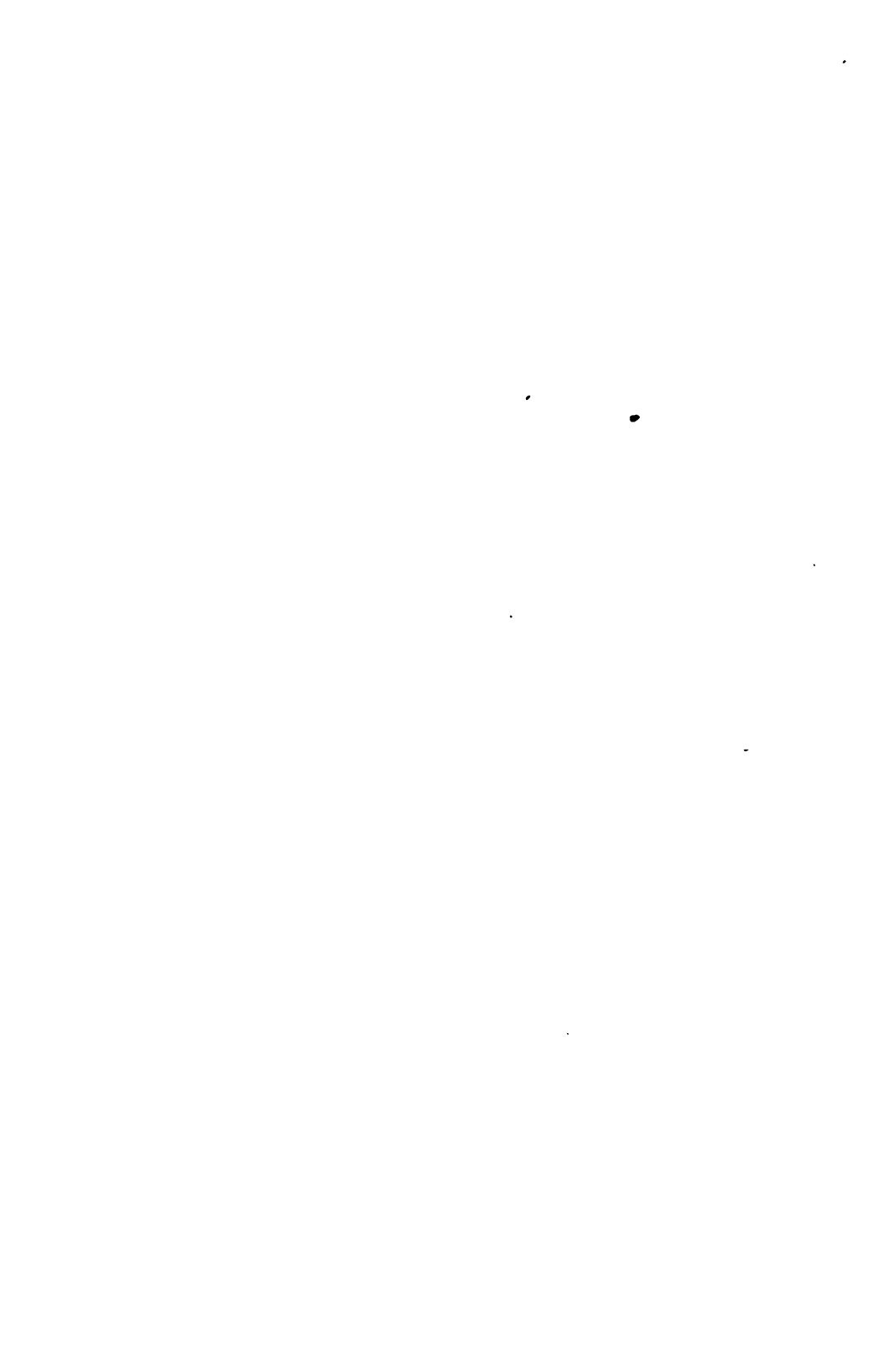
LIBRARY
UNIVERSITY OF
CALIFORNIA
SANTA CRUZ







SIR LOUIS MALLET





Louis Kellet-

LOUIS MALLE

THE LIFE OF
LOUIS MALLE

BY

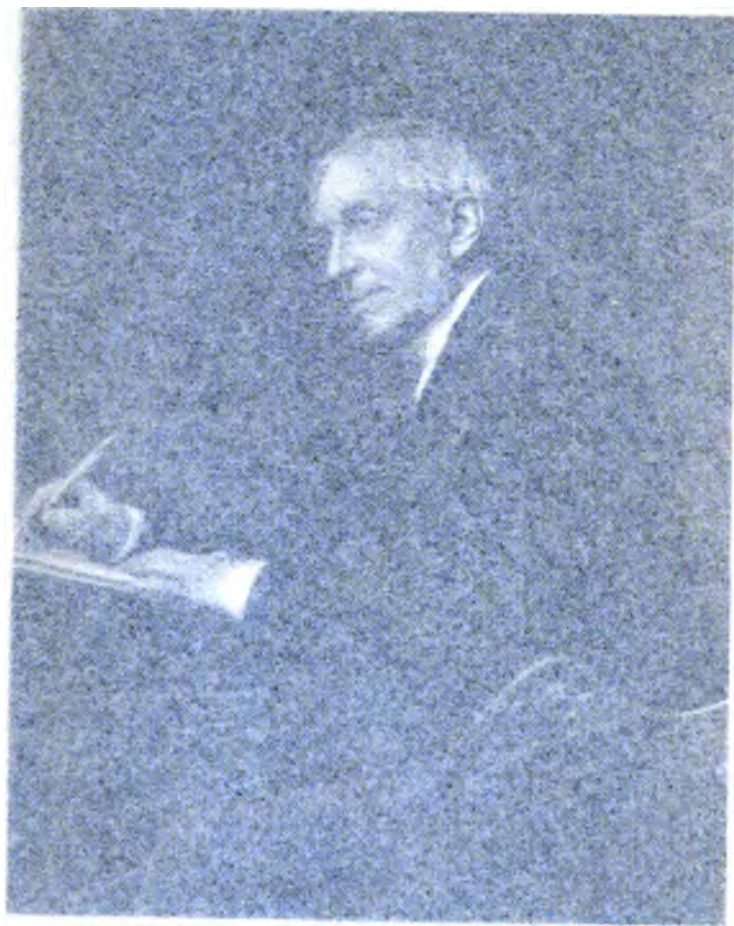
BERNARD MALLE

A LIFE OF THE ARTIST AND HIS FRIENDS

London

21 BERNERS STREET

1905



Lucretius

SIR LOUIS MALLET

A Record of Public Service
and Political Ideals

BY

BERNARD MALLET

AUTHOR OF "MALLET DU PAN AND THE FRENCH REVOLUTION"

London

JAMES NISBET & CO., LIMITED

21 BERNERS STREET

1905

Printed by BALLANTYNE, HANSON & Co.
At the Ballantyne Press

DA

565

M3

113

TO MY MOTHER



PREFACE

AN apology is perhaps necessary for even so slight a sketch as this of the career of a civil servant. Such careers for obvious reasons do not lend themselves to biography ; and Sir Louis Mallet never courted publicity himself, nor did he sympathise with the cant which sometimes attributes to an eminent official a power and responsibility quite foreign to his functions and position. But it may happen that either the possession of certain personal gifts or the accident of association with a particular school of political thought entitles even a civil servant to some posthumous notice, and I hope I am not blinded by natural partiality in assuming that these considerations apply to the present case. The pages of this volume must answer the question, and I need not further enlarge on the qualities of my father's mind and character which marked him in the opinion of his friends as an *esprit d'élite*, or on his well-won reputation for commercial statesmanship of the Cobdenic school. As a son and as an official I have laboured under a double disability in the preparation of a record which I have long con-

templated and perhaps too long postponed. But while many of the friends who might have welcomed this memoir have passed away, the fact that the ideas of which Sir Louis Mallet was one of the most consistent and experienced representatives have, by the lapse of time, become the subject of historical interest and comment has removed some difficulties, and made it possible to describe them without fear that the expression of his views will offend any party susceptibilities. They will certainly not, as a whole, appeal to any existing body of political opinion.

I had hoped to be able to make greater use than I have done of the numerous letters in my possession, or even to have printed a selection from them; but when I came to examine them I found that the best were either semi-official in character, or else letters exchanged during the later years of Sir Louis Mallet's life with friends more or less behind the scenes in politics, which lose half their interest if torn from their context. In neither case was it possible to publish these letters in anything like a complete form without a risk of violating public or private confidence. I have therefore been obliged to fall back on a study of the main lines of my father's work and opinions, quoting as largely as possible from his letters and papers, and making use of a volume (now out of print)

in which, soon after his death in 1890, I collected his writings on economic questions.¹ I have tried in this way to give it a documentary character, avoiding comment except such as seemed necessary to carry on the narrative or explain and connect the passages quoted.

Even this task would have been impossible without the assistance of several series of letters which have been placed at my disposal, and I am specially indebted, for the gift or loan of letters written by my father, to Lady Arthur Russell, Miss Anna Merivale, Sir Mountstuart Grant Duff, Lord Cromer, and the late Lord Northbrook. I have also to thank Sir Alfred Bateman, who was attached to my father's mission to Paris in 1877 and who afterwards kept alive in the Board of Trade the traditions of the commercial treaty policy, for his kindness in reading the proofs of the chapter on that subject.

B. M.

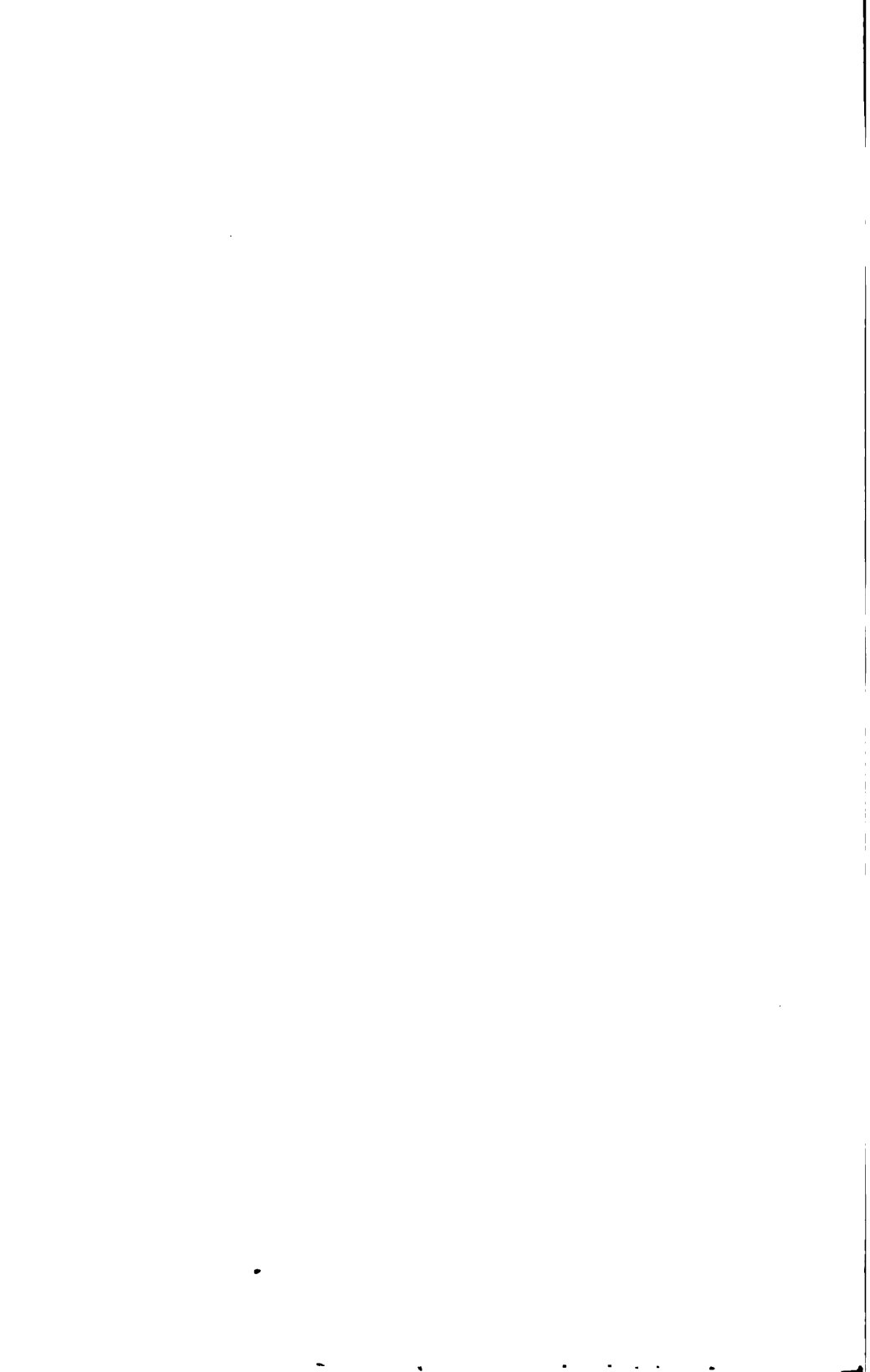
*38 Rutland Gate,
August 1905.*

¹ "Free Exchange. Papers on political and economical subjects, including chapters on the law of value and unearned increment." Kegan Paul, Trench, Trübner & Co. London, 1891.



CONTENTS

CHAPTER I	
	PAGE
NOTES ON LIFE AND CHARACTER	I
CHAPTER II	
COMMERCIAL TREATY POLICY	56
CHAPTER III	
INDIA	103
CHAPTER IV	
IMPERIALISM AND SOCIALISM	154



SIR LOUIS MALLET

CHAPTER I

NOTES ON LIFE AND CHARACTER

I HAVE related elsewhere the circumstances of the settlement in this country of Louis Mallet's grandfather, Mallet du Pan,¹ whom the stress of the French Revolution had driven successively from France, Switzerland, and Germany, to take refuge in the only country in Europe where it was possible for a man to "think, speak, and act." There is some evidence that from the early days of the Revolution Mallet du Pan had turned his thoughts to the possibility of an English domicile, which had its attractions for him as a liberal thinker and admirer of English constitutional methods, and a keen student of English history and politics. But when he arrived on these shores as an alien and an *émigré* in 1798 with little to back him but a European reputation as a fearless and eloquent opponent

¹ "Mallet du Pan and the French Revolution." Longmans, Green, & Co. 1902.

2 NOTES ON LIFE AND CHARACTER

of revolutionary excess, nothing seemed less probable than that his family, French Huguenot in origin, but for many generations citizens¹ of Geneva, would by this fresh migration take permanent root in England; or that his grandson, by a life of distinguished public service, was to do something to repay the debt of gratitude he had feelingly acknowledged to the "*nation inébranlable*" which had given him shelter.

Mallet du Pan's eldest son Jean Louis Étienne, or as he came to be known John Lewis Mallet, was no stranger to English life when he arrived with his father as a young man of twenty-two in England. Twice before he had been in this country; first as a boy at school, and again in 1796 when he paid a long visit here cultivating his father's friends (among whom Warren Hastings had been one of the kindest) and seeking for some settled occupation. For him, therefore, it was comparatively easy to exchange the loose cosmopolitan ties of a wandering youth for English citizenship; he adapted himself to English habits with remarkable facility, and became thoroughly English in feeling while retaining some foreign standards which gave much freshness and interest to his outlook upon people and events. But the

¹ The "citoyens" were members of the ruling class in the Genevese oligarchy.

position which he had to face on the death of his father in 1800 with his mother and her other children dependent on his exertions was sufficiently serious.

“My family,” he writes, “were left entirely destitute. I do not believe that taking everything together we had £1100. At first I hardly knew what would become of us, but my father’s character soon raised me up a host of friends. I was placed in the Audit Office in a situation of £250 a year; a pension of £200 from the Civil List was given to my mother; a subscription was made which produced over £1000. Thus it was that by God’s mercy, and the respect which virtue and talents never fail to inspire in this country, a family of strangers was protected and maintained in their original situation in life.”

The story of that period of his life in which the writer of the above lines formed his friendships and made for himself a creditable position in English life was recorded for his sons by Mr. J. L. Mallet in a spirit of characteristic modesty. I could wish that the scope of these observations allowed of some quotation from a record which, both on account of the questions and personages discussed and from its thoughtful and at the same time agreeably discursive style, would be of interest to a wider circle than that for which it was written. As an official Mr. Mallet justified the favour which had pro-

4 NOTES ON LIFE AND CHARACTER

cured him his original appointment from Mr. Pitt. His work in what, in the days of the great war, was truly an Augean stable of the public service, and the assistance he was able to give to Mr. Huskisson and Mr. Wickham, successive Secretaries to the Treasury in the reorganisation of his department, was recognised by the rather exceptional promotion in 1806 of the young foreigner of thirty-one to the office of Secretary to the new Board of Audit. This post he held for over forty years, declining on one occasion an opening in the City which would certainly have raised him to affluence, and which came to him through his connection with the Barings. For in 1808 he had married a niece of the founder of that great house, the first Sir Francis Baring, and although his wife died childless eight years later, the marriage brought him the advantage of lifelong and intimate friendship with several members of the family, notably with Alexander, the first (Baring) Lord Ashburton, with Sir Thomas Baring, and with his son, the first Lord Northbrook; and visits to the Grange and Stratton were frequent and pleasant incidents in his life after his second marriage and until he was well past middle age.

"The consideration," he somewhere writes, "of political subjects and the observation of political facts has occupied me since the age of eighteen."

Bred, indeed, as he had been in an atmosphere of political speculation and controversy, Mr. J. L. Mallet gave evidence while yet a boy, in a series of letters to his father from this country,¹ of a sound political judgment; and a political diary which he kept from 1819 to 1851 testifies to the keen interest which he always retained in public affairs. Though his education had been somewhat irregular and picked up largely by association with his father and his friends, he had a wide range of thought and reading and much literary taste; he spoke and wrote both English and French with ease and distinction, and his manner had much of the dignity and charm of the older French school. It is not surprising, therefore, that he should have gained the esteem and regard of friends in many different circles, political, commercial, and literary; and that he should have found himself a welcome guest during the earlier years of the century in good social quarters. I find, for instance, records of dinners at Holland House, breakfasts with Samuel Rogers, accounts of places where he visited, and notices of, and in some cases elaborate portraits of, persons with whom he was brought into contact—such as Sir James Mackintosh, Dumont, Cobbett, Lords Lansdowne and Grenville, Huskisson, Jeremy

¹ Published in the "Life of Malouet."

6 NOTES ON LIFE AND CHARACTER

Bentham, David Ricardo, Sir Philip Francis, Ward, Tierney, Brougham, Francis Horner, Sir Samuel Romilly, Miss Berry, Miss Edgeworth, and Madame de Staël. His early political experiences had not been of a kind to encourage democratic sympathies; and his comments at the time of the first Reform Bill, and later, during the Anti-Corn Law League agitation, when he wrote of Cobden "with his sweeping and yet practical radicalism, hatred of our institutions and *force de volonté*, as the very man to lead a great change, in fact a revolution," betray considerable apprehension—shared indeed by many who had not, like himself, witnessed the scenes of 1789 in Paris and of 1794 in Geneva—that similar disasters might befall his adopted country. But he had been brought up in a liberal if not in a revolutionary school, he had indeed in early youth under Malouet's influence and that of his own father drawn lessons in liberalism from revolution itself, and his own words show how he endeavoured to apply these lessons to current politics.

"It is of great importance not to lag too much behind our age, to have an indulgent feeling for the prevailing opinions of our time, and not to attach ourselves with a fond and pertinacious partiality to forms of government and civil institutions which are fast declining in public esteem. I feel great attachment and respect for

this country of England as at present constituted, and I should be very sorry to see any change in my time, but I nevertheless endeavour to wean myself from it, for when the schoolmaster is abroad we can neither direct nor restrain his career. All that is in our power is to be found at all times by the side of moderate and virtuous men; as Burke says in his letter to the sheriffs of Bristol, 'I am aware that the age is not what we all wish, but I am sure that the only means to check its degeneracy is heartily to concur with whatever is the best in our time.'"

Not militant doctrine, but breathing perhaps the essential spirit of nineteenth century Whiggism. For Whig the writer certainly was by the cast of his mind if not by right of birth. His chief friends and associates were of that political shade, and he had a strong sympathy with the efforts towards administrative and social reform characteristic of the anxious but inspiring years which succeeded 1815, the great germinating period of liberal ideas. In 1817, for instance, he was engaged with others in a scheme which resulted in the foundation of a Savings Bank in the City of London, and though by no means an adherent of the Benthamite school—he was indeed an acute critic of many of its tenets—he shared to the full the growing practical interest in economic theory and speculation, and was an original and in its early years an active

8 NOTES ON LIFE AND CHARACTER

member of the Political Economy Club, founded in 1821 under the auspices of David Ricardo for the discussion of economic questions and the furtherance of the cause of the liberation of trade and commerce.

There, however, it ended. He did not follow up advantages which might have led him to more conspicuous worldly success. He published nothing on any of the subjects with which his mind was so much occupied, and he remained satisfied with the performance of his routine official duties. Independence which, like his father, he looked upon as essential to happiness and self-respect once attained, and middle-life reached, he seems to have felt that neither his health nor his character fitted him for an active career, and to have retained little ambition save to enjoy the settled and peaceful existence which presented so striking a contrast to that of his early days and the vicissitudes of Mallet du Pan's stormy career. For the life he had chosen he was eminently fitted by nature. "His extensive reading and varied tastes, the interesting experiences of his life and the good sense and moderation of his opinions, together with his warm and ready sympathies, gave to his conversation," as his son remarked, "a peculiar charm"; and "no man was ever more free from any taint of self-seeking or

worldliness, or presented a happier combination of liberality and sound economy, or cultivated with greater success reasonable and moderate views of human life."

Soon after his second marriage in 1818 to Miss Frances Merivale,¹ "whose virtues, accomplishments, and personal devotion," to quote her son's rather formal but none the less heartfelt tribute, "secured him for more than thirty years a large measure of domestic happiness," he left London and settled, mainly for reasons of health, at Hampstead, where he spent the rest of a life destined to be protracted far beyond his anticipations. Here he occupied his leisure by committing to elaborate diaries his observations on books, politics, religion, and philosophy, and by such social intercourse with his many friends as residence in a suburb of London allowed of. Here, too, he brought up his family of three sons, of whom the second, Louis, the subject of the present memoir, was born on Sunday, the 16th of March 1823, in his father's forty-eighth year.

¹ Her brother was John Herman Merivale of Barton Place, Exeter, a well-known man in his day, whose literary achievements have won him a niche in the *Dictionary of National Biography*. He was, at his death, a commissioner in the Court of Bankruptcy. He was the father of two men who attained high distinction, Herman Merivale, C.B., author, and Under Secretary of State successively at the Colonial and India Offices, and Charles Merivale, Dean of Ely.

The diaries I have mentioned, with their brief notes of family occurrences and holiday journeyings and the evidence they afford of the affectionate care with which both father and mother watched their children's development and endeavoured to direct their tastes and interests, tell us little of interest in connection with Louis Mallet's childhood, except that he differed from his brothers in the possession of that peculiar vivacity of disposition which is sometimes the result of mixed French and English parentage. One event, however, stands out which must have made a lasting impression on the boy's mind. In the summer of 1833 Mr. Mallet determined to revisit once more after an interval of thirteen years the home of his birth and early associations, and he set out accordingly with his wife and three boys aged respectively twelve, ten, and eight, to spend some weeks at Geneva where his sister, Madame Colladon, still lived. A leisurely and interesting journey in a roomy travelling carriage through France and Paris (with its memories still fresh of revolutionary days and Mallet du Pan's struggles and sufferings) brought the party in July to Geneva, where they were warmly welcomed by relations and friends. Geneva then retained much of the prestige which had attached to it as one of the famous city states of Europe, it remained an intellectual centre of

some importance, the charming country houses bordering the Lake were then, as they still are, inhabited by men of old and distinguished Genevese families; and De la Rive, de Candolle, de Saussure, Pictet, Marcet, Sismondi, are among the names of those with whom the travellers spent much of their time, the rest of which was occupied by excursions to places of historical and personal interest in the neighbourhood. The family connection with Geneva and the scenery and society to which the boys were thus early introduced remained, to one of them at least, a source of lasting interest and pleasure; and Louis, who formed later on a close friendship with his cousin Eugène Colladon, an eminent Genevese magistrate and *littérateur*, and like himself a grandson of Mallet du Pan, spent many of his happiest days in after years in visits to the old home of his family.

So much it has been necessary to say in order to give an idea of the home life and associations which in the case of Louis Mallet and his brothers formed the most important part of their education. For their father seems to have had but little belief in the educational training of school life. His fears for his sons' health, and perhaps his foreign prepossessions, caused him to shrink from sending them to boarding-schools and to resort instead to private tuition. With the excep-

tion therefore of the eldest, who went in due course to Balliol (and thence into the Church), none of them enjoyed the advantages such as they are or may have been—such, at all events, as their Merivale cousins obtained at Harrow and Oxford and Cambridge—of any public school or university experience. Before Louis had reached the age of seventeen his father, with the natural anxiety of an elderly man to see his children started in life, took an opportunity of placing him as a junior clerk in his own office.

Of the period of eight years which he spent with no sort of advantage in the Audit Office little need be said. The only record in my possession is that contained in a few letters from a lifelong correspondence begun at this date (1839) with a brilliantly gifted cousin of about his own age, Miss Louisa Merivale, to whom he poured out his youthful aspirations and enthusiasms. As he grew to manhood he began to suffer from ill-health which made prolonged absences, sometimes to the South Coast and sometimes abroad, a necessity for many years and often threatened to cut short his official career. This did not make any easier his honest attempts to grapple vigorously with his official duties, which were at this time of the most trivial character. "Nature never intended me for the life I lead; regularity and monotony are my aversion." On the other

hand, he was always trying to educate himself. On one occasion he is reading Thirlwall's "Greece" without much sympathy for the Greek character, "not at all a favourite race with me." On another he is studying German and music. "When I can read Beethoven and Schiller I shall be a happier man." "If I could only find time! I feel rabid for every kind of knowledge." "A day without reading is a *dies non* for me." He read poetry, loved Shakespeare, played the guitar. Nor was he less enthusiastic about natural beauty and country life. Descriptions of gallops on the South Downs (he was fond of riding, and used even to ride to his office and back), poetical ravings on the scenery of the Scotch lochs and mountains, pages of writing on the seasons, of which "autumn which cheers and soothes" is easily his favourite—all this gives glimpses of a nature which one does not generally associate with the pursuit of political economy. Comments, however, of a more mature kind occur on the political events of the day, for Sir Robert Peel was in office, and economic reform filled the air. In January 1846, for instance, I find an interesting defence of Peel's position, and some words which run counter to the notion that free trade could never have been carried without the enthusiastic adherence of the manufacturing interests.

“The people really concerned are the great landed proprietors and the manufacturers, who are both so selfish and mercenary that one cannot in the least sympathise with either. It is now quite clear that almost every eminent statesman and intelligent man who is either independent of these interests or above being influenced by them has arrived at the conviction that the time is come for the change.”

It is difficult to turn over these early letters without getting the impression of a somewhat exceptional nature, a nature full of intensity both of enjoyment and of suffering, of “scorn of common life and common things,” of passionate sympathies. It is impossible also not to feel that the affectionate but over-anxious care which withheld from him the ordinary educational advantages of an English boy and secured him a too early start in practical life was a cause of some real unhappiness in his early manhood. Ardent, ambitious, if sensitive, as his disposition was, his was eminently a case in which the friendships and successes of university life might have strengthened and armed him for the coming years. It is no small testimony to the power of Louis Mallet's mind and character that he was in the end able to profit by the discipline of life itself, and to take his place as the equal of men who had had far greater educational and social opportunities than himself.

Louis Mallet's real introduction to public life and to interests which grew to absorb him almost to the exclusion of other tastes, though they never blunted the imaginative and spiritual side of his nature, dates from his transfer in November 1847, in his twenty-fourth year, to a junior clerkship in the Board of Trade. Here he at once found himself in more congenial surroundings.

"Besides the regular office work," he wrote to his cousin, "I am obliged to enter upon a course of political economy and pursue my free trade studies. These subjects have always been rather favourites with me, and now that I shall have such constant facilities and inducements for cultivating them, I hope I shall make something of them. I do not think there is any office where I may pass a few years more usefully. My associates are men of intelligence and education. . . . We have access to a vast fund of information, and our annual publication contains almost every statistical fact worth knowing!"

Fortune had at last placed the young man in the situation most favourable not only to his abilities but to his chances in life. In these days foreign or colonial experience is perhaps the surest stepping-stone to official distinction; but in the earlier half of the last century an intimate acquaintance with the financial, social, and commercial conditions of the United Kingdom, such as might be gained in the Treasury or the Board

of Trade,¹ was an even higher recommendation both for a political and an administrative career. For the nation and its leaders were intent on the work of domestic reform; the forces of freedom had just gained their first great triumph over class interest, industrial monopoly, and commercial privilege; and the measures consequent on the Repeal of the Corn Laws demanded qualifications such as those which Louis Mallet now had an opportunity of acquiring.

The Board of Trade, when he joined it, was at the beginning of a process of transition. It was about to exchange its old functions of "trimming the balance of the national economy by an arbitrary regulation of the channels of production and of the conditions of exchange" for that of "gradually extricating our commerce from the perverse and complicated laws which preceding generations had imposed upon it." But its work still remained active and important, for "none but those who had been trained in administering its mysteries could unravel the tangled skein of the navigation laws and of the differential system, and each department of the State in turn was

¹ The Board of Trade in the 'forties was, as Mr. Gladstone has said, "the department which administered to a great extent the functions that have since passed principally into the hands of the Treasury connected with the fiscal laws of the country. . . . I myself have drawn up new tariffs in both, at the Board of Trade in 1842 and 1844-45, and at the Treasury in 1853 and 1860."—Morley's "Life of Gladstone," vol. i. p. 240, note.

glad enough of the assistance of the Board of Trade in applying to the different branches of Government the principles of the new policy."¹ In many of the practical measures which were the necessary consequence of the adoption of free trade, and for which, as he afterwards observed, the members of Lord John Russell's Government (1846-1852) have never obtained the credit they deserve, Mallet was soon actively engaged. In 1850 he became private secretary to Mr. Labouchere (afterwards Lord Taunton), whose first wife had been the daughter of Sir Thomas Baring, Mr. J. L. Mallet's old friend and connection. In that capacity he was behind the scenes in such measures as the equalisation of the sugar duties which involved the abolition of the preferential treatment of Colonial sugar and cheapened supply to the British consumer, the Repeal of the Navigation Laws, the almost immediate effect of which was a considerable increase in British tonnage,² and those connected with the

¹ From an official memorandum written by Sir L. Mallet in 1870.

² Mr. Labouchere had charge of this measure in the House of Commons. "I am afraid," wrote Sir L. Mallet to a correspondent in 1879, "that nothing can be said about the second well-known passage from Adam Smith in which he speaks of the 'wisdom of the Navigation Laws,' except that it affords an instance of the degree to which even the greatest men are swayed by the errors of their time. Mr. — perhaps belongs to a generation which does not know that this unfortunate expression of Adam Smith was the principal stock in trade of the protectionist speakers and writers at

reform of the system of Colonial government. His education in the practical application of free trade doctrine had thus begun in the centre of affairs, and in the best administrative school.

Mallet's accession to the band of Whig private secretaries does not seem, to judge from the scanty letters of this date, to have prevented his speculations from taking a rather radical complexion. The Chartist agitation in 1848 (he had, of course, been a witness of the Chartist march in London on the House of Commons in April of that year, and had been sworn special constable and encamped in Whitehall, of all of which he writes an amusing account) made its impression; and household suffrage, vote by ballot, triennial parliaments, and electoral divisions play their part in his correspondence; although, as he remarks, he is "biassed in favour of the present Government, and hopes but little from such political remedies. . . ." "There is much talking and no doing, utter want of a really great man to rally a party or work out a principle." Of Lord John Russell he remarked

the time of the repeal, and did yeoman's service to the cause of monopoly. We are now in a position to see, after thirty years' triumphant experience of the benefits of that measure, the transparent fallacy of Adam Smith's reasoning, but here again his error lay in supposing that the power of a nation for self-defence could be weakened by a policy which increased its opulence, and that its maritime resources could be impaired by the freest extension of its trade."

(but this was before he became connected with the Ministry)—“He seems positively to have no fixed notions or principles whatever except that it is a very wise thing to remain Prime Minister in all circumstances as long as he can!” For audacious criticism of political chiefs and political nostrums a clever young official is hard to beat, but with all allowances for youth and irresponsibility such glimpses seem to show how Mallet’s mind was beginning to move on much the same lines as that of Cobden. With him as with Cobden, who, as Mr. Morley tells us, “was essentially an economical, a moral and a social reformer” and “never an enthusiast for mere reform in machinery,” the real basis of his interest in politics was already social and economic. But of Cobden he was at this time quite as critical as Lord John, the other object of his criticism, could himself have been :—

“Cobden’s financial agitation,” he writes (also in 1849), “does not gain ground. His speech was a dead failure . . . one has lost all confidence in him in his own lines. I do not suppose any one ever regarded him as a statesman!” . . .

Nor had he as yet found in Cobdenism any solution of his economic doubts :—

“You know my conviction,” he writes about this time, “of the necessity of free trade, but

I never thought it would regenerate the country or do more than palliate its sufferings. I am now looking to socialism with something of hopeful expectation." . . . Again, "I look with horror upon the present despotism of money and the wealth worship which it causes, upon the increasing contrasts between luxury and misery, and upon the selfish and apathetic spirit which govern our legislation."

Later on (1852) he writes with much sympathy of the demands of labour in connection with the case of the "amalgamated engineers."

"Of course as an abstract question of political economy there is nothing to be said, but these abstract principles do not carry us very far in legislating for men, where we find at every turn some disturbing moral consideration which sometimes directly opposes the economical truth. . . . Some new principle must be brought to bear on the relations between capital and labour."

Reflections familiar enough, it will be said, to thinking men in every generation, and a necessary stage of progress with those who make the effort to reconcile the conflicting claims of the heart and the intellect in their analysis of social facts. Many who are assailed by the same doubts and difficulties either stop short at socialism or collectivism, or are obliged to remain content with a contradiction which paralyses thought and action. How it was that Mallet

and some of his contemporaries came to find an answer which at all events inspired a high and fruitful ideal of public effort, is an interesting inquiry upon which something must be said by a biographer, on however restricted a scale, of a representative Cobdenite. One point, at all events, it is essential to emphasise in his case. Cobdenism, as Mr. L. Hobhouse has reminded us, is commonly associated in men's minds with a cold and calculating, a doctrinaire and at the same time negative outlook on social problems. Yet most of the early free traders were certainly animated by a passionate belief in human progress, and Mallet himself both in public and private life always showed a nature keenly alive to "human wrongs and human sufferings." His own words are on record on this point.

"I suppose," he wrote, "that the first question which every one who is placed above want asks himself, when he begins to speculate upon social questions, is, 'Why have I so much and others so little?' While the poor man asks, 'Why have I so little and others so much?' I say at once that a man who meddles in public affairs without having satisfied himself as to the relation in which these two phenomena stand to each other is a 'charlatan,' and is not entitled to have any share in the work of statesmanship.

"Certainly, for my own part, I remember the torment of this question, and even as a boy I could never rest until I had found some solution

of this terrible enigma which my reason and conscience could accept. But it was only after the weary round of thought and inquiry through every form of social heresy that I reached solid ground at last in the free trade creed, and with it a necessary belief in the gradual emancipation of the millions, both materially and morally, and therefore politically."

A man who approached the consideration of social questions in this spirit would be naturally predisposed to sympathise with a reform which seemed about to inaugurate a new era of peaceful advance and prosperity in human affairs.

His early associations and mental characteristics were such as to qualify him in a rather special sense to appreciate a movement which had its scientific as well as its humanitarian side. He had been brought up, as we have seen, in the school of liberal economics to which the best minds of the preceding generation belonged, and he shared the strong social sentiment which was at the root of all the political reforms of that epoch. He had a peculiarly wide and unprejudiced outlook on international questions which he derived perhaps from his foreign blood¹ and which was

¹ "I love my country," he once wrote, "not because I happen to have been born a cockney, which seems to me the stupidest form of patriotism, but because, on the whole, she seems to me to have done more for the human race so far than any other with whose history I am acquainted, and because I see the possibility of achievements far higher and nobler than any which she has

of great service to him in his later work. His intellect, finally, was of the order which may be classed as distinctively Latin—clear, logical, with a capacity for ideas and principles, and a belief in them, rather than in the hazy opportunism so usual with Englishmen, as the basis of political thought and action. “To many minds,” he once observed, “and mine is among them, there is something peculiarly repugnant in any conclusion which fails to satisfy the requirements of sound theory as well as of policy.”

The repeal of the Corn Laws, both in its causes and its results, was just the sort of event to appeal to a mind and character such as I have described. The most forcible arguments in favour of reform had been drawn from the sufferings arising from economic disorder; and in every field of national concern, in the yearly recurring budget deficits, in the horrible condition of the agricultural labourers, in the complaints of farmers and manufacturers alike, there was evidence of the evils of restriction, negative perhaps, but amply sufficient to afford material for the application of the principles which free traders

yet to record. It seems to me that the kind of patriotism which prompts all the utterances of those who habitually sneer at Cobden, and what they choose to call “peace at any price men” is the outcome of a very low national ideal, of a vulgar conception of national greatness, of the most complete ignorance of the laws on which human societies are built up, of a general coarseness of fibre, and of a feeble and barren imagination.”

derived from the teaching of Adam Smith and his followers. If the symptoms were such as to stimulate the sympathy and effort of social reformers and to dictate a resort to the remedy of free trade, the results of that bold and original experiment, based in the absence of all precedent on economic reasoning alone, justified its authors beyond their expectations; and the unexampled national progress (as one of its foremost critics, Dr. Cunningham, has described it) which followed the revolution effected in 1846 was itself a triumphant vindication in the eyes of at least one generation of the truths of economic science. The wonder is not that Mallet should have become an ardent adherent of the new policy, but that his acceptance of the full Cobdenic "creed" should have been as gradual a process as it apparently was. If there was any hesitation, I think it may be attributed to the fact that a man of his strong logical faculty was hampered, as his later writings show, by the dogmatic assumptions of the Ricardian school. His father, who had been intimately acquainted with Ricardo, had observed on one occasion that it was impossible not to admire the "candour of Ricardo's disposition, his patience and attention, and the clearness of his mind," yet that he was, "as the French would say, *hérissé de principes*; he meets you upon every subject that he has studied with

a mind made up and opinions in the nature of mathematical truth. It is this very quality of his mind, his entire disregard of experience and practice, which makes me doubtful of his opinions on political economy." These doubts Louis Mallet shared, not so much from distrust of abstract principles as from a clear perception of the pitfalls into which they led in this particular case. A student who, in the interests of labour itself, found himself unable to accept the alternative of socialism was dismayed at tracing its scientific justification in the central doctrines adopted by Ricardo and his English successors. It was not until many years later that he found leisure to formulate his criticisms on this point, and to develop the antithesis between free trade and socialism. But it was at this period of his life that his opinions (on this aspect, among others, of the economic revolution) were taking shape; and the principle of private property was a vital issue directly raised by the free trade controversy. As the French economist wrote to Cobden in 1849: "You in England have not been able to demonstrate the right of exchange without discussing and consolidating, as you went along, the right of property."

The guidance he missed in Ricardo and Mill, Mallet found in Bastiat and the French school of economists. Whether his knowledge of the

brilliant French writer began before his own connection with Cobden I do not know, but his earlier writings have many allusions to Bastiat, and he never lost his admiration for the "*Harmonies Économiques*." Bastiat's economic position has always been somewhat contemptuously decried by English economists. "Superficial" and "optimist" are the least disparaging of the epithets used about him by those who at all events could not fail to recognise his enthusiastic belief in the possibility of human progress on economic lines, or to allow him, in Mr. John Morley's words, the gifts of "irony, of apt and humorous illustration, of pungent dialectic."¹ Whatever the truth may be, to Bastiat belongs the distinction of having profoundly influenced practical economic reformers not only in his own country but abroad. Cavour, who from the first was a declared partisan of free trade and considered Peel's reform the salvation of England, was, as his biographer William de la Rive tells us, an enthusiastic student of Bastiat's writings; and the connection between Cobden and Bastiat is a fact of real importance in economic history.

"These two men were necessary to each other. Without Cobden, Bastiat would have lost the powerful stimulant of practical example, and

¹ Morley's "Life of Cobden," i. 311, where an account may be read of the friendship and association between Bastiat and Cobden.

the wide range of fact which the movement in England supplied, and from which he drew much of his inspiration. Without Bastiat, Cobden's policy would not have been elaborated into a system, and beyond his own immediate coadjutors and disciples would probably have been most imperfectly understood on the Continent of Europe."¹

Bastiat, then, was the principal exponent of the ideas which formed the economic basis of the work of Cobden and his school. Free exchange of the products of labour implied a recognition of the right of property, for free trade in one of its most important aspects was the assertion of each man's inalienable title to the product of his labour in use or in exchange. Looking, as the free trade school did, to the necessity and the possibility of improvement in the material conditions of life for the poorer classes, they were led to condemn every violation of the rights of property and labour thus identified, whether such violation took the form of protective tariffs and the abuse of indirect taxation, of excessive expenditure, of wars of aggrandisement, or of monopolistic land laws, as the "causes of the greatest part of the disorders and sufferings which have desolated humanity, and of the unnecessary and unnatural inequalities in the conditions of men."² To them, therefore,

¹ Cobden's "Political Opinions," by Sir L. Mallet.

² *Idem.* See "Free Exchange," p. 18.

the inauguration of free trade in 1846 was no mere repeal of a law: it was an act which "involved in its certain result a reversal of the whole policy of England."

While Mallet was beginning to wrestle with problems like these, he was passing through the usual routine of a junior official. The fall of the Whig Government in 1852 cost him his private secretaryship, which had initiated him into more interesting work. The previous session, as he wrote, had been a "grand time for gaining experience and strengthening one's hand by practice. I have had some very lucky chances in the way of rather important work . . . health being the only thing I now want."

To his constant and severe trials in this respect was now added the partial failure of his eyesight. His great resource of reading was thus to a large extent cut off, and it was not till twenty years later that the progress of optical science mitigated his difficulties in this respect, difficulties which added inconceivably to his labours during the busiest years of his life. At first the calamity almost overwhelmed him. "I feel as if suddenly and silently all the glory and beauty of my life had stolen away. We cannot choose our destiny, and I do not wish to complain; but I am very unhappy." His continued residence after his mother's death in

1851 at Hampstead, where however he had the advantage of the sympathetic companionship of an elder brother and his wife, cut him off from the society of London friends which at this time would have been useful to him in many respects. His letters from health-resorts abroad are full of descriptions of places and scenery and lively and acute observation of human nature, though they are not unnaturally tinged with despondency as to his prospects. But it is perhaps unwise to take too seriously expressions of this kind in the intimate letters of a young man, and the following remarks of an old friend of his, the late Sir Reginald Palgrave, written to me a few months before his own death, are of some interest as an impression of his character at this period.

“The notion that he was of a melancholy disposition is news to me. His reserved demeanour tinged with urbane dignity, so conspicuous in his father and so unusual among Englishmen, may have been responsible for this notion; and undoubtedly he did occasionally divert himself with an outbreak of humorous pessimism. But although the season of our friendly meetings was not a time of obviously cheering promise in his career, he heartily enjoyed life, and heartily showed that he did so, and to be with him was in itself an exhilaration.”

In 1853 he obtained some congenial promotion in the Board of Trade, and next year saw him

again private secretary, this time to Lord Stanley of Alderley, an appointment which carried him on to 1857. Of his work and life at this time I have next to no record, only one or two letters, which show that in feeling and sympathy he was among the small band who had the foresight and courage to condemn the Crimean War. He speaks, in May 1855, of Cobden's speech (long before he knew him personally) as the most statesmanlike of the debate, "full of thought and sense." The spectacle of the British nation in a war fever made a profound and lasting impression on his mind.

"The war party cannot take their eyes off the jack-boots of Nicholas; they forget that there are other objects in the world. Absorbed in staring at a phantom, they forget the existence of France, of Germany, of America, of their own people with their miseries and crimes. They forget more than this, they forget truth, justice, and humanity."

I have now traced, as far as the scanty materials make it possible, the early years of preparation for the work which lay before the young official. Some disadvantages have been hinted at, of health, temperament and education, which may have made these years a time of discipline rather than of enjoyment, though they are devoid of the element of struggle arising from homelessness or privation which many men

who reach distinction have had to endure. In some respects seeming drawbacks may have really helped him. He was, at all events, largely undistracted by vanities or prepossessions either of a social or academic nature, and to this fact may be due the singular freshness of mind which he brought to bear on practical affairs and which distinguished him to the end. However this may be, his marriage (which marks the close of this period) to Miss Frances Pellew¹ in 1858, and his settlement in London in a home of his own made the happiest change in his domestic circumstances, and brought him the lifelong devotion and intelligent and cheerful companionship which was precisely what his own deeply affectionate nature needed.

In the preceding pages I have drawn attention, more prominently perhaps than the facts warrant, to certain indications of Cobdenic leanings in the subject of this memoir. He was certainly not at this period in sympathy with the general ideas of the Manchester school politicians. Neither the Whig atmosphere in which he had been officially nurtured, nor the Civil service (whatever its substantial merits) was indeed exactly the soil to encourage the growth

¹ Daughter of the Hon. and Rev. Edward Pellew, and granddaughter of Lord Exmouth, a distinguished admiral of the heroic age of English seamanship.

of political speculation or enthusiasm. All that can be affirmed is, that he had accepted and participated in the free trade reform of the tariff before he was ever brought into personal relations with Cobden himself. In 1860, when this decisive event occurred, he was thirty-seven, and Cobden at fifty-six was entering on the final stage of his life. At this time Cobden was recognised, as his biographer has told us, both by friends and enemies to have attained an important and authoritative position in English public life. He had lived down the unpopularity he had incurred during the Crimean War, and his opinions even on armaments and foreign policy had, owing to his good sense and moderation in expressing them, won some measure of acceptance, at all events among the growing section to whom Lord Palmerston's methods were distasteful. In the previous year he had, much to Lord Palmerston's astonishment, refused his offer to join the Cabinet. The offer had been an event; and his refusal, by showing the simple dignity and sincerity of his character, had raised him higher than ever in the opinion of his countrymen. It was in the same year, when the relations between England and France had been strained almost to breaking, that on the suggestion of Michel Chevalier and with the encouragement of Mr. Gladstone then

once more Chancellor of the Exchequer, he undertook to sound the French emperor and his government as to the possibility of a mutual reduction of import duties by means of a commercial treaty. In the following year he negotiated the treaty as British plenipotentiary, and a commission was thereupon appointed, consisting of Cobden himself with two official subordinates, one from the Customs and one from the Board of Trade, to arrange the details of the tariff. The latter was Louis Mallet, and a certain amused surprise at his association with a man whom his Whig friends still looked upon merely as a Radical agitator, may be detected in his letters of this date. But as Mr. Morley, in his full and interesting account of the whole matter¹ states, he "speedily impressed Cobden with his strong intelligence and efficiency," and the appointment proved the turning-point in his own career. It launched him on a period of diplomatic work in connection with the treaty policy of which I shall speak in the following chapter. It led to his becoming (again to quote Mr. Morley) "one of the most eminent advocates of Cobden's principles to be found among English statesmen." And it brought him incidentally the

¹ "Life of Richard Cobden," chaps. xi.-xiv. A work which Sir Louis Mallet induced Mr. Morley to undertake, and which he followed with an "attention, an interest, and a readiness in counsel" warmly acknowledged in the author's preface.

acquaintance and friendship of the most prominent men of his day at home and abroad, and advancement to high position in the permanent service of the Crown.

But Mallet's association with Cobden meant a great deal more to him than the opportunity for mere personal distinction which would certainly have come in one shape or another to a man of his capacity. It brought him the inspiration which the relationship between master and disciple, the contact of mind with mind when both are attuned to some high issue, alone can give, and which had hitherto perhaps been lacking to the younger man. To many men some such inspiration comes in early years, whether from the influence of a parent or a teacher of distinction, or, more commonly still, from the society of their equals in age; but when it comes as in this case to one already mature, from intimacy with a public man eminent alike in originality of thought and practical accomplishment, the experience is the more profound and the stimulus more lasting. Such, at all events, was the effect upon Mallet of the intimacy into which he was now thrown with Cobden, an intimacy which grew with the remaining few years of the latter's life.

"You perhaps hardly know," he wrote to his cousin on Cobden's death, "what it has been to me after many years' experience of public men,

and almost desperate of ever finding faith upon the earth, to discover at last one who fully realised the noblest ideal of a statesman, a man of perfect honesty, courage, independence, and consistency, guided by a rare combination of wisdom and benevolence. I believe him to be by very far the greatest public man of our time, and that his fame will steadily grow as time advances."

Cobden's influence on Mallet, and Mallet's own influence on his contemporaries as an exponent of Cobdenic doctrine, was vividly described by one of Mallet's intimate friends in later years. "The kind of Cobdenism you preach," he wrote, "is very unlike the Cobdenism which passes current in the world." Mallet, it is unnecessary to say, repudiated this current conception as "the strangest and stupidest travesty ever presented. I think you will admit that with my antecedents, prejudices and training, it is hardly possible that if Cobden had been nothing more than the *brave homme* which Rouher called him, he could have kindled in my heart the great enthusiasm you so well describe." Here are Sir Robert Morier's words:—

"You are not only a Cobdenite *pur sang*, but, unless I am much mistaken, you have realised, more perfectly and completely than Cobden did himself, the higher and more ideal side of the Cobdenic creed. I have searched in vain

through Cobden's writings for much that I have heard you quote as established Cobdenic doctrine, and I account for my failure by a fact which I believe to be universally true about all the faiths, great and small, that have shaken mankind, viz. that the disciple is in many ways above his master. . . . It is easy to see how this happens in cases like that before us. You were filled with a great enthusiasm and a personal admiration and love for Cobden. You were constantly with him at one of the most important periods of his life, and must have over and over again discussed the great questions on which your own mind had long been working, and respecting which your own faith has since become definitely fixed. There must have been the keenest sympathy between you, and the intercourse must have been as great a delight to him as it was to you. Indeed I do not believe that, on this 'one-horse' planet of ours, there is any happiness to be compared to that of the intercourse between a master who finds a pupil worthy of him and a pupil who finds a master worthy of him. But in such intercourse it is absurd to assign to the disciple a passive part. What the disciple afterwards gives out as the faith of the master is really a joint product of their two minds, and their two individualities."

The very general ascendancy which Cobden's ideas obtained in this country was of course far from being a matter personal to a small set of rather exceptionally constituted persons. The repeal of the Corn Laws and the Treaty of Commerce may have been brought about by a series

of happy accidents, but they nevertheless transformed the conditions of the national existence, and it is safe to say that no such result as this could have been produced by a political propaganda which did not make a powerful appeal, both on the material and the moral side, to the special circumstances of the English people at the time, and even to more permanent sentiments ; to the need for industrial and democratic development, and to the instinct for freedom whether in the industrial sphere or in that of political evolution.

The recent examination and re-statement of the Cobdenic position, on its fiscal side at all events, has been so able and exhaustive that little could be added to it in the way of a formal exposition from the few occasional writings in which Sir Louis Mallet elucidated it for an earlier generation ; and the public are now in a position, as one result of the controversy, to judge of Cobden's personality and his work more fully and reasonably than has ever before been possible. Nor should I wish to give the appearance of claiming for him an authority similar to that of the political leaders of the movement, of men such as Mr. Bright, supreme as an orator and far greater in that capacity than as an administrator or economist, or of Mr. Milner Gibson, perhaps the best minister who ever

presided at the Board of Trade. Mallet remained practically unknown to the public, but there can be no indiscretion in saying that in some respects he did develop Cobden's ideas, notably in regard to their application to the conditions of commercial policy and international relations, and in the direction of economic theory; and that, as a member of the permanent administration of the country, he had for many years opportunities of influencing the course of events, through the ministers under whom he served and the knowledge of affairs given by continuous connection with government, which were denied to men more in the public eye. I shall endeavour to bring out this aspect of his work in commenting on some portions of his official career, for it is this which gave it a unity and character worthy perhaps of some public record.

It may be thought from what has been said that Sir Louis Mallet, in his interest in the broader aspect of political questions, overstepped in some degree the proper limits of a permanent civil servant. Nothing, however, could be further from the truth than any such impression. It must be remembered that during the whole of his career free trade was accepted by all political parties as the basis of British commercial policy. No suspicion of indiscretion could attach to the

championship of doctrines of unquestioned orthodoxy,¹ and, as a matter of fact, Sir Louis Mallet found in later years quite as much (or as little) sympathy for his ideas on one side of politics as on the other. His relations with his political chiefs were uniformly of the most cordial and satisfactory kind, though he never hesitated to speak his mind on matters of policy with what I cannot but think unusual frankness. He was punctilious in his insistence on a high standard of official duty and etiquette, and he practised what he preached. He never, for instance, gave a vote in a parliamentary election until after his retirement from office. It would be impossible to class him as in any sense a party man, and he himself rejoiced in the fact that he was not obliged to take sides as a politician. One who knew him well late in life speaks of his "horror of sensationalism in policy," and his "horror of feeble and slipshod Government," as leading characteristics in his judgment of political questions; and remarks that he "was no light weight in the scale of what may be called Whig liberalism." The description may stand for those who like a label, but the opinions quoted in succeeding chapters will enable a reader to form his own conclusions on the subject.

¹ Such as a Cobden club pamphlet which he published in 1879, entitled "Reciprocity."

If the foregoing observations fairly represent Sir Louis Mallet's position as a mouthpiece of the free trade policy, they do not perhaps quite account for it. The influence which he undoubtedly exercised, not so much in a public sense as among public men and leaders of political opinion, was, I think, largely due to his own personality, and particularly to his power of expressing himself in talk and in correspondence.

He had in an exceptional degree the gift of expressing himself with authority and persuasiveness in conversation. No one excelled him, as those, for instance, who have heard him talk about bimetallism will readily admit, in the verbal exposition of an intricate or difficult economic question. "I recollect," observes Sir Mountstuart Grant Duff, "how admirably he explained Cobden to me on long walks from 1868 onwards." Sir Arthur Godley writes: "He had an extraordinary gift of lucid exposition, both on paper and (what is still more uncommon) *vivâ voce*, and no one profited by it, I am sure, more than I did during the weeks or months when he was about to retire from the India Office and I was his successor designate." . . . "I have often thought that if his discourses could have been taken down by a shorthand writer they would have formed a most interesting and eloquent treatise on Indian affairs."

In ordinary intercourse he was a good talker ; though not greatly given to anecdote, he told a story or recounted an experience with point and humour, and he had on occasion a hearty whole-souled laugh such as is rarely noticed in the present generation. He was, however, in no sense an overbearing talker, nor a great talker at all except with congenial spirits or on his own subjects ; but he had the all important art of interesting others in what interested him, and of impressing his hearers. He impressed in this way some of the abler young men with whom he came into contact. One of them on Sir Louis Mallet's death wrote that he owed to him everything he had in the way of a creed. Another mentioned two or three talks with him as "among the pleasantest things of my life. His outlook on public affairs was so extraordinarily suggestive." Yet another, Mr. St. Loe Strachey, writes to me to bear his testimony to the "very remarkable influence which he exercised through his conversation" :—

" His dialectical treatment of all matters social and political, abstract and concrete, was highly stimulating. He made talk on public questions not merely a pleasure, but a vitalising force, and I look back to my intercourse with him as one of the strongest intellectual influences with which I came in contact as a young man. He was one of the few people I have known who *invariably*

looked at public affairs from the highest standpoint, and who in the best sense of the word was a man of liberal opinions. I owe to him the understanding of the great truth that it is impossible that there can be any divorce between right and justice and common sense, and that if the emotional and logical aspects of some political question appear at variance it is because the matter has not been properly fathomed, not because there is any real divergence between right and reason. His teaching for me at least overthrew the fallacies that centre in the talk about the dismal science."

Logic, humour, command of language, were all characteristic of his talk, but what made it notable was not so much these qualities as the necessity he felt, and showed that he felt, for the guidance of principles in political action. His own grasp of principle gave an uncommon strength and decision to his opinions, and made his hearer feel, whether he agreed or not with the underlying ideas, that he was talking to a man who had definite intellectual and moral convictions, to whom right and wrong were more than mere words.

"It has been said," he once remarked, "that logic is a good servant but a bad master. This is true so far as it means that it is often unwise when they are good and always when bad to carry principles to their logical conclusion. But it is to be feared that this saying represents

in many minds a hazy notion that principles are of small practical importance."

This "careless attitude of mind," he thought, was very prevalent among Englishmen. It is certainly fostered by the conditions of public and parliamentary life in this country, and he never lost an opportunity of protesting against it and of pointing out its dangers. He was as little disposed as any one could be whose life had been spent in that great school of compromise, English public life ("Government by blind-man's buff," as, quoting Carlyle, he sometimes called it), to admit the wisdom of concession in matters of principle, and he carried the habit of adherence to theoretical standards, and of reference to the ultimate and logical effect of any particular line of action, into his criticism of political events and tendencies. In saying this I allude, of course, more particularly to his view of the importance of economic considerations in matters of government. "A man may be an economist," he wrote, "without being a statesman; he most certainly cannot be a statesman without being an economist."

This habit of mind showed itself in much of Mallet's administrative work, and the emphasis laid upon it by the plan of the following chapters will perhaps give the impression that he carried

it to the length of rendering that work less practically effective than it might have been. It was in his case, however, combined with and corrected by a vigilant attention to detail, and the keenest sense of the necessity for wide and accurate knowledge, whether of facts or statistics, as the condition of any useful action or reform. One of his strongest characteristics indeed was dislike of the hand to mouth methods so usual in a public department. "Superficial work," he once observed, "is my abomination." But on the subject of Sir Louis Mallet's official character and position I am happily able to adduce testimony of far greater weight than any words of mine, for Lord Cromer, himself a great official whose verdict may well seem conclusive, has kindly sent me some words on this point which he wrote soon after his friend's death.

"Sir Louis Mallet's death was to me an irreparable loss. Whenever I visited England during the last few years of his life, I always discussed with him the difficulties of the situation in which I was placed in Egypt. They were at one time very great. Sir Louis Mallet was not personally acquainted with the details of Egyptian affairs, but, besides the intimate knowledge which he possessed of economic science, of which he had made a special study, his high-minded attachment to principle and his keen insight into the forces in motion in the political world, rendered his advice of the utmost value. He was the best type of

the English civil servant, a keen politician but not a political partisan, a trained official without a trace of the bureaucratic element in him, and a man of really liberal aspirations without being carried away by the catchwords which sometimes attach themselves to what, from a party point of view, is called liberal policy in England."

Men who take long views in politics, as such men do, are apt to find themselves at times out of sympathy with their contemporaries, and even when their forebodings are justified by events they hardly escape the taunt of pessimism. His friends sometimes rallied Mallet as a pessimist, and those who may read his occasionally desponding comments on the political tendencies of his day will perhaps re-echo this reproach. If a man of warm human sympathies, of ever fresh interest in life, of active public spirit can be a pessimist, there is perhaps some truth in the charge. Sir Louis Mallet witnessed the growth and partial adoption of the principles to which he was devoted, but he lived also to see these principles to a large extent discarded by a newer generation. Firm as was his faith in the political capacity of his countrymen and in the great possibilities which lay before Great Britain and her English-speaking offshoots, he came to view with an increasing sense of disappointment a course of events very different from that for which he had hoped and laboured. But dis-

illusionment in itself implies a capacity for belief and enthusiasm which is the very reverse of pessimism, and in the discouragement he sometimes experienced there was no touch of cynicism. As he himself remarked on one occasion when the only answer to his arguments was an accusation of pessimism: "My fault through life has been to expect too much from human nature and human institutions." It was certainly in no spirit of chastened acquiescence that Sir Louis Mallet looked on at what he thought mistaken courses or misguided counsels. In this respect he resembled his grandfather Mallet du Pan. Between these two the resemblance was indeed very striking, extending even to a certain facial likeness. Ste. Beuve's characterisation of the latter, "*esprit fort et sensé, très clairvoyant et très prévoyant,*" equally fits his descendant. No greater contrast, of course, can be imagined than that presented by the life and career of the two men, the one a storm-tossed journalist who played his part on the greatest of historic stages, the other a civilian official under the stablest and most humdrum of prosperous administrations. But both showed the same uncompromising adherence to standards of right and wrong in public as in private life, and both had their share of the "sacred fire" which gave force and meaning to the principles they held. Such men

cannot accept with calm resignation or philosophic opportunism the decline or defeat, however temporary, of ideas and forces in which they have believed.

The picture presented will seem to many to be that of a doctrinaire. The late Lord Northbrook made the following observation upon some such criticism which appeared in a recent volume of letters : " As to being doctrinaire, doubtless he thoroughly believed in the conclusions at which he had arrived after long study on some subjects, and why should he not ? " I do not know that I can usefully add anything to this terse defence by a statesman of great eminence and practical sagacity ; but as the term doctrinaire implies a certain offence against good manners in controversy, it may be well to allude to the tact and courtesy which went with his sincerity and conviction. I cannot do better than quote on this point some words written by an intimate friend of his last years, the late Mr. R. H. Hutton, in the *Spectator* :—

" Sir Louis Mallet was distinguished for a graciousness and refinement of manner which made him speak as one having authority, and yet with all the ease and charm that render authority fascinating instead of fretting to those who recognise it. Even in England bureaucrats seldom have the ease and polish of Sir Louis

Mallet, and surely there is no bureaucracy in Europe so pleasant and free from the domineering manner as the English. . . . Even among English departmental chiefs Sir Louis Mallet was remarkable for the courtesy without blandness, the confidence without presumption, the knowledge of the world without worldliness, and the ease without easiness, which made all intercourse with him a pleasure and a refreshment. He gained some of this manner no doubt from his French descent, and more still from the profound kindness and geniality of his own individual nature. But there was a mixture of gentle dignity, not to say even stateliness, with his ease, which greatly enhanced its charm, and made every one feel that there was nothing *bourgeois* about him; that it was not official life which gave him his air of frank authority, but his air of frank authority which had specially fitted him for official life. And yet he combined with this air of pleasant authority a simplicity and humility that added tenfold to his influence."

Such a character was one to attract friends, and the society of congenial men and women was certainly among the chief pleasures of Sir Louis Mallet's life. "He drew about him," writes Mr. Hutton, "men of the brightest humour, the richest culture and the most vivid experience of life, and entered with the utmost warmth and zest into every phase of literary, social, and political energy." For general society he never had much time or strength, nor, indeed, with his somewhat fastidious tem-

perament, much inclination. Nor was he fond of club life, although luncheon at the Athenæum, where he used to meet not only political and official friends, but friends representing more varied interests like Mr. Matthew Arnold, Mr. John Morley, and Sir Henry Maine, was often a welcome interlude in his London day.

It would be natural to suppose that his own rather distinctive outlook on national issues and policy would have confined his sympathies to a somewhat narrow circle. I do not think that this was the case. Both his friends and himself were of those who are able to learn from their differences in point of view and experience, without claiming a monopoly of patriotism and public spirit. He numbered among his personal friends many Indian civilians and soldiers; and it is of interest to note his warm appreciation of and long friendship with two great diplomats, Sir James Hudson and Sir Robert Morier, whom he classed, with a living imperial statesman of a younger generation, as the most admirable trio of public servants he had known. But an account of a man's friendship and social connections is apt, in the absence of diaries and letters, to degenerate into a mere list of names; and I will therefore only add that Sir Louis Mallet was fortunate in belonging to an inner social circle united by many common

tastes and sympathies, which I shall perhaps sufficiently describe when I mention that it was largely composed of those who used to gather round Sir Mountstuart Grant Duff at York House and the late Lord Arthur Russell in Audley Square.

The thirty years of his life from 1860 fall naturally into three periods, which are dealt with in the three succeeding chapters of this study. The first embraces the period of his activity at the Board of Trade in connection with commercial treaty negotiations which took him not unfrequently abroad, and entailed at one time a prolonged residence at Vienna. The second, from 1872 till 1883, covers the decade of his service at the India Office; and the remaining seven years were spent in retirement, mostly in a pleasant home which he established in 1884 at Englefield Green, near Windsor.

London had for reasons of health become impossible to him as a place of residence, and even the occasional visits he paid to a certain London house which was, as he said, a "combination of all that makes life delightful" and where his hosts made it possible for him to see without effort "all the people worth seeing and knowing," were always attended with some risk. Some few country-house visits where he met his friends were still possible to him, and one or

two which he paid to Lord Goschen at Seacox gave him special pleasure; but in the main he was limited to such society as he could see at home or in the neighbourhood (where he was fortunate in finding among others Lord Thring, Sir Joseph Hooker, and Mr. Hutton), and to his family interests and affections which were warm and strong. He was therefore thrown largely upon his own resources. On his retirement he had expressed his sense of relief and pleasure in the "recovery of his freedom and the power of turning his mind to the thousand and one things which interested him and which he had been obliged to neglect." This aspiration he was able to gratify. He read widely both old and new books in French and English. At one time his letters are full of a biography like Lord Russell's life, at another of Croker ("personal anecdotes of men of the last generation have an extraordinary fascination for me," he remarks), or he is writing of Maine's "Popular Government" ["a stupendous work"], or of Mr. Morley's collected essays, of Greville's memoirs, of Arthur Young, Charles Lamb, de Quincey, of Taine's "French Revolution," or of his own father's autobiographical reminiscences of the French Revolution—a discovery among the family papers which gave him the greatest delight. Like most men of his generation he was a lover of Walter

Scott and Tennyson, and Mr. R. H. Hutton observes: "Some of his friends were greatly amused by the eagerness with which he would devour any really masterly sensation story" ("Treasure Island" I remember for one), "enjoying as he did the contrast between the romantic interests of such stories and his own favourite economic studies."

It was these latter, however, which formed the basis of his reading and thoughts. He was continually at work upon the elusive but fundamental problem of "Value," and upon an analysis and criticism of the standard writers on what Jevons had described as the "Shattered Science." His labours finally took the shape of an attempt to trace the common economic errors on monopoly value and the land question to their source in the assumptions of the Ricardian school, and to apply a corrected theory of value to the facts of private property in land, whether agricultural or urban, with reference to the controversies which prevailed at the time he was writing on the "unearned increment" question.¹

Another considerable source of interest was the correspondence he maintained with friends who kept him primed with political gossip, and who

¹ These notes, for unfortunately they were little more, were put together and published in 1890 (after their author's death) in the volume entitled "Free Exchange" referred to in the preface.

sought his opinion on the various topics which were attracting public attention. Some of these topics form the subject of the concluding chapter, but others, such as bimetallism which he advocated, and Home Rule to which he was strongly opposed, together with much in the way of personal comment, should be added to give an idea of the range of his letters at this period, which reveal "his keen insight into character, and in spite of his deep and even eager political convictions a rare enjoyment of the humours of politics." He was, as one who had the best opportunity of knowing observed, "an excellent correspondent and the most fascinating of friends, happy in his wife, happy in his family, and though saddened by frequent and persistent ill-health, one of the most cheerful and benign of the inner circle of influential political thinkers who knew personally both the parliamentary and the departmental statesmen."

With these words may fitly end an account of the short years which to those who remember them call up a picture of leisure occupied in gracious intercourse, in the giving of wise counsels, and in gathering up the threads of a life of fruitful and strenuous public service. In the autumn of 1889 he settled for the winter at Bath, a town which attracted him by its eighteenth-century appearance and mild climate, and in

54 NOTES ON LIFE AND CHARACTER

February of the following year he died after a short illness in his sixty-seventh year, a victim to the first incursion of influenza, whose attack his enfeebled constitution was unable to resist.

DATES IN THE LIFE OF THE RIGHT HON.

SIR LOUIS MALLET, C.B.

Birth	Mar. 16, 1823
Appointed junior clerk in Audit Office	1839
Appointed junior clerk in Board of Trade	Nov. 8, 1847
Private Secretary to Mr. Labouchere (Lord Taunton)	1850-1851
Senior Clerk, Board of Trade	May 1853
Private Secretary to Lord Stanley of Alderley	1854-1857
Marriage	Aug. 19, 1858
Assistant Commissioner with Mr. Cobden to carry into effect the Treaty with France	1860
Mission to Berlin to report on pending Commercial negotiations	1862
Mission to Paris on a question which had arisen on small matters of trade	1862
Mission to Turin on Commercial Treaty business	1863
Delegate to Paris to International Sugar Duties Conference	1863
Employed on various Commissions for negotiations of an Anglo-Austrian Treaty of Commerce which he finally signed as one of the Plenipotentiaries	1865-1867
Created C.B.	Jan. 1866
Assistant Secretary at Board of Trade and head of the Commercial Department	1867

Knighted	Dec. 1868
Appointed a member of the Council of the Secretary of State for India	Feb. 8, 1872
Appointed Permanent Under-Secretary of State for India	Feb. 16, 1874
Visit to India on official business	1875-1876
A Commissioner to negotiate a new Treaty of Commerce with France	1877
Attended International Commission on Silver at Paris, representing India with Lord Reay	1881
Sworn of the Privy Council	Aug. 23, 1883
Resigned—India Office	Sept. 29, 1883
Died at Bath	Feb. 16, 1890

Sir Louis Mallet also served on the following Royal Commissions, that on the Copyright laws in 1875, that for the Paris Exhibition of 1878, and that on the relative value of the precious metals in 1887.

CHAPTER II

COMMERCIAL TREATY POLICY

1860-1872

THE year 1860 is the most interesting landmark in the modern commercial history of England. It marked the conclusion of the struggle which had been waged for nearly forty years against restriction and privilege in matters of trade, for it witnessed the final removal from the British tariff of all protective duties.¹

But this culminating step was the occasion of a new departure in the policy of fiscal and commercial reform which was destined to become the subject of fierce controversy in the free trade ranks, for the purging of the tariff was linked with the provisions of the treaty with France negotiated by Mr. Cobden ; and Mr. Gladstone's great budget embodied the result of these negotiations. The Commercial Treaty Policy thus inaugurated had a short but beneficent life, and produced results which have not yet disappeared. It is, however, now an almost forgotten

¹ The duties on timber, however, were not abolished till 1865, and the corn duty of 1s. a quarter remained till four years later.

page of history ; and some account of Sir Louis Mallet's work and opinions in this connection may serve to show how this policy seemed to him a necessary corollary of the work of domestic free trade reform for a country which, like Great Britain, depended to a larger extent than others on foreign trade ; and to indicate both the causes which brought it prematurely to an end, and the consequences of its failure on the fortunes of free trade, not only abroad but also in this country.

It would be superfluous to describe at length the provisions of the Cobden Treaty. It resembled only in form the commercial treaties of the past. "Instead of a bargain," wrote Sir Louis Mallet (1865), "in which each party sought to give as little and gain as much as possible, the Cobden Treaty was a work of co-operation in which the Governments of England and of France were resolved on both sides to remove, within the limits of their power, the artificial obstacles to their commercial intercourse." To this result England contributed her share by removing from her tariffs most of the remaining traces of protection, and by reducing her fiscal duties on wine and brandy ; while France substituted moderate duties for prohibition in the case of the chief British exports. More important still, these advantages were not confined

to the two contracting parties, for the reforms in the British tariff applied to all other nations equally with France, and France was ready to grant her conventional tariff to all states who should negotiate treaties with her on the basis of the Anglo-French treaty. Its leading principles, as Sir Louis Mallet summed them up, were the international regulation of international trade, and the simultaneous removal of international restrictions, not for the purpose of exclusive privileges and tariff bargains, but with a view to the equalisation and generalisation of tariffs—and the destruction of the differential system.

The treaty with France undoubtedly more than realised the sanguine hopes of its promoters in stimulating international trade. Its practical effect upon the foreign trade of this and other countries may be indicated. During the fifteen years which succeeded the repeal of the Corn Laws no reductions of any importance had been made in foreign tariffs and "great as was the impulse given to our export trade by the independent remission of duty upon our imports, the restrictions upon our trade still maintained in foreign countries began after a time to be seriously felt." Since the failure of Sir Robert Peel's attempt in the 'forties to negotiate on tariff matters with foreign powers, Great

Britain had honestly tried the isolation policy into which she was to relapse in later years. "Personally," wrote Mallet,¹ "I have too much cause to know it, for I spent some of my best years in writing admirable papers of argument and facts addressed by Lord Clarendon to foreign governments, none of which produced the smallest result. The reason is obvious; it was not to the governments that these appeals were needed; what was wanted was something to enable them *to overcome the interests*. This Cobden at last discovered, and the state of European tariffs then and now (1877) attests the sagacity of his view."

The figures are of some interest, and may be quoted from a preface written by Sir Louis Mallet in 1875.²

"The value of the trade in British exports to the European countries with which treaties have since been concluded amounted in 1847, the year after the repeal, to £18,394,000. In 1856 it had advanced to £35,936,000; in 1859 it had fallen again to £32,489,000. It was at this period that Cobden and Chevalier conceived the idea of the Anglo-French treaty, and the governments of England and of France had the wisdom and the courage to conclude it. The necessary con-

¹ Letter of 5th December 1877, to Mr. Mundella.

² "Free Trade and European Treaties of Commerce." Introduction to proceedings at the Cobden Club dinner, July 17, 1875.

sequence was the conclusion of fifty or sixty similar treaties by which the tariffs of Europe have been reduced by about fifty per cent. In 1874 the value of the British export trade to the same countries attained the amount of £81,297,000, while the total addition to the trade of England with them in imports and exports was no less than £103,965,655. When it is considered that the effects of this general removal of restrictions upon the foreign trade of France and of other continental countries has been even greater than upon that of England, it is difficult to overestimate the importance of the impulse thus given to the international intercourse of Europe, both in its material and moral aspects."

Such were the direct results of the treaty on British trade. Its indirect results in breaking down the prohibitory system of the Continent were also noteworthy. In five years France had made treaties with Belgium, the Zollverein, Italy, Sweden and Norway, and Switzerland; England obtaining equal participation in the reduction effected by claiming where she already had the right by treaty, and by obtaining by negotiation where such right did not exist, "most favoured nation treatment." As another writer puts it: "France by the help of England, the Zollverein by the help of France, Austria by the help of the Zollverein and England, each made their first step forward in the path of free

trade, and the treaty network, by which every tariff reduction made in one of these countries at once became common property of all, was definitely established."

This was the policy which Sir Louis Mallet not only officially represented, but to a large extent inspired. In the last-mentioned negotiations, those between Austria and England which lasted from 1865-1868, he bore a leading part, and made his reputation as the chief adviser of the British Government in matters of commercial foreign policy. But the policy with which his name was so largely identified was destined to a premature collapse. By a curious irony the task upon which he entered with high hopes and real enthusiasm was rendered abortive, less by the course of events abroad unfavourable as that undoubtedly proved, than by the indifference and even the active opposition of free traders at home. For, in truth, though free trade had become the accepted policy of this country, and had been vigorously followed up in the domestic field, the treaty policy had never gained the full support of the leaders of either party, and least of all of those who posed as the high-priests of the new fiscal faith. Led by Mr. Lowe, as brilliant as he was too often injudicious both in politics and in finance, they had from the first scented heresy in negotiation. "With

his dying breath," it has been said, "M'Culloch vented his impotent anathemas on the great work of Richard Cobden." Because commercial treaties in the past had been based on the fallacies of balance of trade; because reciprocity had meant protection; therefore, they said, all treaties must be hostile to free trade. The half-truth, "Take care of your imports and your exports will take care of themselves," was elevated into a maxim which in the supposed interest of the consumer forbade consideration of the profits of the producer, and the arrogance of the economic pedant was reinforced by the repugnance of the financier to fetter himself by treaty with regard to fiscal duties, as well as by the inaccessibility of the British mind to anything in the shape of an international idea. Most modern writers who have commented on the treaty policy have taken the same view, and appear to look upon it as a concession to protectionist weakness, rather than as the logical complement of the free trade reform. One of them, for instance, writes: "Commercial treaties have been serviceable for the moment, and have mitigated evils which might otherwise have become intolerable. But they have propped up a modified form of Protection, and kept it on its legs, while the work of prohibition which surrounded France in

1859 would long ago have fallen by its own weight."¹

Such at all events were the ideas which largely prevailed in political circles and among Mallet's own official colleagues both at the Board of Trade and at the Treasury. They were reinforced by the opinion, mistaken as he held, that Great Britain had no longer any advantages to offer which could keep the treaty policy in existence. Yet there is much to be said for the view for which he, as a subordinate official at the Board of Trade and in after years contended against all these forces, as we shall see, in vain, that the future of international free trade depended on a vigorous prosecution of the treaty policy by the British government; and for his condemnation of the apathy or hostility which allowed it to lapse. "I hardly know," he wrote in 1877, "a more lamentable record of diplomatic bungling than the history of our commercial negotiations of the last fifteen years." He wrote of what he had good reason to know; but before touching on some of the points of his indictment, something more may be said of the principles of the two opposing schools.

The fundamental distinction between the two kinds of commercial treaty has already been referred to. The older treaties were clumsy

¹ Mr. Herbert Paul, "Modern England," vol. ii. p. 238.

attempts to escape from the consequences of the doctrine of the balance of trade, "a doctrine which strikes at the root of all commercial intercourse between nations, viz. that it is the interest of a country to buy little and sell much, to encourage exports and to restrict imports for the sake of receiving the balance of value in gold." The only possible tariff treaties were therefore those in which "one country tried by ingenious devices, in dividing certain monopolies with another, to obtain an undue portion for itself, and to share any supposed advantage to the exclusion and injury of the world at large."

Sir Robert Peel's experience of the hopelessness of liberating commerce by treaties based on such ideas convinced him of the necessity of carrying through his great reform as a domestic policy, regardless of the course taken by other countries; "to fight hostile tariffs," as he expressed it, "by free imports"; to act upon the "knowledge," to quote Mallet's words, "that it is impossible for a country to import too much, that exports must follow imports of which they are the necessary and only possible payment, and that the production of the goods thus exported must afford to the national industry a far more profitable employment than that provided by such of the protected trades as might suffer from competition." This idea having once been

accepted, it followed that a reduction in a tariff was not so much a concession to a foreign country as "a measure primarily and principally dictated by national interest." This was the ground taken by Mr. Gladstone in his budget speech in 1860, when he showed that everything which this country undertook to do was for her own advantage, and would have been so even if she had got nothing in return.

It is not very easy to discover the grounds of the contention that a treaty based upon such principles, and binding the contracting parties to remove restrictions upon trade involved any sort of derogation from free trade doctrines. But other countries had not accepted the ideas which had gained ascendancy in England; no foreign state had made any advance in the paths entered upon by her; and the insular purism of a large section of genuine free traders was offended by the notion of diplomatic traffic with the benighted commercial statesmanship of the Continent.

The opposing school of free traders, led by Cobden, held more practical and less transcendental views, and would not refuse assistance towards their object because it did not always proceed from sincere scientific conviction. They recognised that the problem to be dealt with, whether the case arose nationally

or internationally, "was how to get over the interested opposition of the producer; for it does not follow that if a nation benefits by free trade, each section and class in it benefits likewise, at all events in the beginning." An executive Government from its ground of vantage might see the practical injuries inflicted on the country as a whole by prohibitive and protectionist tariffs, but it would be everywhere confronted by a serried phalanx of vested interests. "By negotiating with a foreign Government the executive was able to detach and bring over to its side a portion of the vested interests more particularly concerned in the particular trade of the country with which the treaty was to be concluded."

Joint action thus supplied a powerful leverage in the prosecution of the free trade policy. As Faucher, the German free trade statesman, put it: "What was really gained for the free traders lying in ambush all round the French frontier was the alliance of the manufacturers in their respective countries desirous of sharing with the English manufacturers the advantage of the French market so far as it had become open."¹ It was on such lines only that free trade could make any progress on the Continent. Incidentally it happened that England was

¹ "Cobden Club Essays," 2nd series, 1874, p. 273.

placed by her procedure in the case of the French treaty in a position of peculiar advantage. "Without sacrificing her own independent principles," wrote Sir L. Mallet, "she regained the opportunity of obtaining all that France was able to extort by the material bribe of her reformed tariff."¹ She was able, that is, to profit by the fact that France in her progress towards free trade had a tariff to offer to, or withhold from, other countries.

But the objections of the "orthodox" were more than mere formal scruples.

"What," said Mr. Lowe, "is the true language of political economy on the subject of imports and exports? Political Economy says: 'Lower *your* duties in order that you may get the production of other nations as cheaply as possible'—that is for the sake of the consumer; and it is sound doctrine. But what do we virtually say when we negotiate a commercial treaty? We say: 'The end of commerce is not what political economy would teach you, the obtaining of imports, but the sending out of exports. The *summum bonum* is to send out as much as possible.' We say to foreign countries: 'Allow us to export to you and we will allow you to export to us, not because it is a good thing for us to receive your exports, but because it is a profitable thing to send you ours.' Thus . . . we teach them to believe that the wealth of nations consists not in what we get—but in what we send away."

¹ "Cobden Club Dinner, 1875," p. 11.

This line of argument, though sound enough against protectionist error, was brilliantly challenged as a half truth only by free traders of unimpeachable correctness. The author of a pamphlet, for instance, published in 1870,¹ in quoting these doctrines, pointed out how it had come about that the set of phenomena connected with exports had come to be so persistently ignored in England. It was solely owing, he wrote—

“To the historical accident that when we set ourselves to think on these subjects . . . we were already in possession of an enormous cosmopolitan trade, and that a large number of our customers, like the King of Dahomey and others, not being civilised enough to have prohibitive or protective tariffs, it was sufficient for us to open one valve, ‘the importing valve,’ for such a rush to take place through the other, the exporting valve, as sufficed at once to double or treble our imports. With our parochial tendency to generalise from specific British facts, as if they were necessarily exhaustive in each case, and to argue, as if every other country were circumstanced precisely as we are ourselves,

¹ “Commercial Treaties, Free Trade, and Internationalism. Four letters by a Disciple of Richard Cobden,” 1870. These letters appear from their style to be the work of Mr. R. B. D. Morier (afterwards Sir Robert Morier, British Ambassador at St. Petersburg), who had been Sir L. Mallet’s enthusiastic pupil in free trade at Vienna, and his colleague during the treaty negotiations in 1866–68. The success of those negotiations was largely due to his able and energetic co-operation, and the pamphlet is a scathing refutation of insular ideas of free trade.

we have not ceased to talk as if it were a law of nature that exports should be able to take care of themselves, and that a maximum of exports should follow upon the one-sided removal of duties at the importing 'frontier'; and we have refused to admit that any country can be so circumstanced as to make it a matter of vital importance to its imports, viz., to its consumers, that the tariffs of the countries it trades with should be modified."¹

He went on to counter Mr. Lowe's proposition as follows:—

"Political Economy says: 'Do what you will, your exports and imports must balance each other! It is a law as inexorable as that of the ebb and flow of the tide, that you cannot import one grain of mustard seed without exporting a value equivalent to that grain. Everything which limits your exporting power limits your importing power. Every foreign duty therefore withholds

¹ Sir Louis Mallet put this argument in a more concrete form:—

"The peculiar position of England—her vast colonial possessions, and the treaties which she has been able to impose on weaker countries, such as Turkey and China, have rendered her comparatively independent (though far less so than is generally supposed) of her nearer neighbours.

"It is not so with those countries to whom the trade with coterminous or co-Continental countries is as the breath of life. It is obvious that a country whose foreign trade is exclusively directed in a channel where it is exposed to hostile tariffs will be very powerless in effecting independent reductions of its own duties. This will be seen at once if it be assumed that prohibition instead of protection is enforced against foreign trade. A country whose products are *prohibited* in other countries, however free her own laws may be, can export and import nothing."—Sir L. Mallet, "Cobden Club Dinner, 1875," p. 11.

something from the home consumer.' Mr. Lowe and his school are so exclusively bent on demonstrating the one side of the truth, viz. 'that exports are limited by imports,' that they seem to have altogether forgotten the other side, viz. 'that imports are limited by exports.'"

Time brings its revenges, and, owing very much to the fact that Great Britain is no longer in the peculiarly advantageous position for initiating and profiting by commercial treaties above described, this "other side" has now come to occupy the popular mind so largely as to make it unwise for those who are interested in the maintenance of free trade to neglect the truth contained in the view put forward by Mr. Lowe and his friends. It is therefore sufficient to note the historical consequences of the too exclusive prevalence of their views thirty years ago. The record of the years which succeeded 1870 may have finally proved (as Mallet was himself to contend) the virtue of even one-sided free trade in increasing and diffusing the wealth of Great Britain.

"But," as he pleaded in an official memorandum, "it is a law of nations no less than of individuals that complete development cannot be attained alone. England of all countries can ill afford to disregard the policy of other countries in this vital question. Her greatness, even her existence depends upon her foreign

trade; and to place that trade upon sound foundations must be one of the most important of her interests. . . . The rapid progress of our industry and commerce during recent years has led us to overlook too much the magnitude of the injury which we sustain from the hostile policy of foreign countries. . . .”

In this connection he urged on more than one occasion a point which is often lost sight of, namely the greater value and importance of any development of our commercial relations with our European neighbours than of a similar expansion of our dealings with distant and less settled markets :—

“ I will say nothing,” he wrote, “ of the moral and political side of the question . . . but on purely economical grounds the trade with France or Germany is infinitely more valuable than that with China or Australia. . . . In a commercial sense, our trade with Europe partakes much more of the nature of a home trade, and gives far more employment to labour, by the quicker circulation of capital, the rapidity of exchange, and the greater variety of its component parts.”

In the same paper he proceeded to indicate the manner in which *high* foreign tariffs might react upon the British consumer by impairing the producing power of a country from which he drew his supplies,—and their possible effects

in encouraging the transfer of British capital to protected countries; and he warned the Government of the importance of "extending the area of our production by the exchange of our products," and then "neutralising the effects of our limited territorial resources."

Commercial decline from the cause thus indicated is often proclaimed to be in sight by those who whether in the interests of "freer trade" or of "protection" have raised the cry of alarm in this country, and such expressions, which, it may be observed, were written for a limited and controversial purpose, may appear to support views of policy against which Sir Louis Mallet's whole career was a protest. They are a warning, it will be said, against the danger of "one-sided" free trade, and therefore an argument in favour of protection possibly, and certainly of retaliation. It is therefore desirable to give his view of the effect of a tariff, whether for protection or retaliation, upon export trade as clearly as possible:—

"The mutual relaxation of restrictions is a mutual advantage, the mutual creation of restrictions is a mutual injury. If one tariff is bad, two must be worse. It matters nothing whether the barrier be raised in one country or another, the effect is precisely the same. It would be as rational if the French railway from Boulogne to Paris doubled its charges for the South Eastern

to do the same, by way of reciprocity, as for the British Custom-house to raise the duties on French produce because France raised them on ours.

“It will be said, perhaps, that the railway tariff affects the French exports as well as the British imports, and that therefore the case is not parallel; but this is a fallacy. A moment’s reflection will show that the French tariff affects French exports as well as British imports. If a French wine-grower is made to pay a higher price for his Lancashire cloth, or, what is the same thing, get less of it for a *barrique* of his wine, he will raise the price of his wine or give less of it in exchange; and his trade, as well as that of the British manufacturer, will be burdened and restricted by the tax.”

Again—

“To whatever degree a country protects its own productions it protects in precisely the same degree the productions of the countries with which it trades; for to whatever extent it closes its ports on foreign commodities it prevents foreign countries from importing its own.”¹

It is certain, therefore, that the attempt to assist an export trade by protection would have appeared to him in the light of a contradiction in terms.

No one, indeed, more clearly realised than did Sir Louis Mallet, though he did not live

¹ “Reciprocity,” by Sir L. Mallet; see “Free Exchange,” p. 124, *seqq.*; see also p. 93 of the present chapter.

to see it proved by still severer tests, the overwhelming advantage which the economy of production afforded by free imports can give to a country over protectionist rivals, however wide their own market may be. It is, however, unnecessary to elaborate a defence against a misconception to which his demonstration of the theoretically evil effects upon our trade of foreign tariffs might give rise. But it may be maintained that even if the question of duties for protection cannot arise, that of duties for the purpose of fighting and reducing foreign tariffs is not excluded by the logic of the commercial treaty argument, and that the conception of the importance to this country of greater freedom in international trade involves in certain circumstances a resort to retaliation.

Though this question did not seriously arise during his lifetime, it may be gathered from scattered observations that he would have treated it mainly as one of practical expediency. He would have required indisputable proofs that the condition of our foreign trade was such as to require extreme measures primarily damaging to ourselves, and, further, the assurance that such measures were likely to have the desired effect. On neither point would he have been easily satisfied, and throughout his life he was, as a matter of fact, unalterably opposed

to suggestions in this direction, on the ground that the adoption of a retaliatory policy had always tended, and could only tend, to perpetuate and intensify the evils complained of. It may be supposed that the following words from his friend's pamphlet on commercial treaties, from which some quotations have already been made, accurately represented his views on the subject:—

“A man might combine with perfect fidelity to free trade principles the belief that by a system of tariff reprisals, the great object of a general removal of restriction might be effected. Supposing, for instance, that we had the absolute certainty that by hermetically closing our ports for six weeks every protectionist tariff in Europe and America would be swept away, it would clearly be the duty of every orthodox free trader to urge such a measure. It is not, therefore, from the point of view of orthodoxy or heterodoxy that the unwisdom of tariff reprisals must be condemned, but on the ground of their utter worthlessness for the object proposed.”

This development, however, did not come to the front in his time, and need not therefore prejudice either his diagnosis of the conditions upon which our foreign trade ultimately rests, or his statement of the case, as it existed in the sixties and seventies, for a prosecution of the treaty policy. The assertion is constantly made

that there was "one fatal failure in Mr. Cobden's policy, one fatal error, one mistake in his predictions," viz. that foreign nations did not, as he supposed they would, follow our example. Upon this assertion rests the whole case against the present fiscal policy of the country; it places in the hands of both patriots and protectionists a weapon of tremendous efficacy; and as regards the present position, it cannot, unfortunately, be gainsaid. As a criticism of Mr. Cobden's policy, however, this assertion does not cover the whole ground. Looking at its results on European commerce between 1860 and 1870, that policy fully justified the expectation of its author, and he cannot fairly be blamed for the results which followed upon a return to the policy of isolation. His action as regards the treaty of 1860 is proof sufficient that he had abandoned his earlier and more insular standpoint, and given up the hope, which, in common with Peel, he undoubtedly entertained at the time of the Repeal of the Corn Laws, that foreign countries would follow our example. More than this, international co-operation was the watchword of his later political life; it is against the "international man" that the keenest shafts of ridicule and contempt are directed by the fashionable political thought of to-day; and to charge upon his memory the results to European free trade of the policy of

isolation, which he had frankly abandoned and to which Great Britain reverted soon after his death, shows a complete misconception not only of his character both as a practical man and a political thinker, but of the historical facts of the case. It is upon the shoulders of Mr. Lowe and of the British administration from 1866 to 1874 that the responsibility for these results must rest, in so far as they were due to the failure to follow up the policy initiated by Mr. Cobden, and formulated and developed by his friend and successor in this field Sir Louis Mallet. In the few scattered writings, official and otherwise, of the latter are to be found the chief, perhaps the only, record of what passed, and it may be worth while, even if the interest of the subject is merely academic and historical, to indicate, what, in his opinion, were the possibilities of the situation from 1866 onwards, and how opportunities were thrown away which might have gone far to consolidate the early triumphs of free trade in Europe.

The most obvious and often repeated practical objection to commercial negotiations was the fact that by the treaty of 1860 and by the complete removal of protective duties on imports England had deprived herself of all power of bargaining. This view was, he thought, a superficial one. We have seen how, by means of the

negotiations of France with her continental neighbours and through the action of the most favoured nation stipulation, this country did as a matter of fact gain all that she could have gained, if she had retained her own tariff for negotiation with Belgium, Italy, the Zollverein, and Switzerland. It is true that in those days there were some strong forces outside this country which told in favour of the policy of international free trade. Between 1860 and 1870, and even later, there was every disposition to welcome a change of commercial policy. "I speak advisedly," wrote an exceptionally well-informed authority in 1870, "when I say that, with scarcely an exception, the Governments of Europe are, on the question of commercial policy, far in advance of the public opinion of their respective countries." They were fully inclined to accept the doctrine, the truth of which had been exemplified in the case of France, that the reduction of exorbitant tariffs leads directly to increased trade and increased revenue, and they were willing, and in many cases anxious, to avail themselves of the advantage which negotiation gave them in breaking down the "interested and organised opposition of producers to the divided and ignorant class of consumers, by enabling them to play off one set against another." Outside the ranks of the

Government but closely in touch with them there existed a remarkable school of free trade writers and thinkers ; indeed, with the Chevaliers, the Fauchers and the Prince Smiths, "the free trade school was in the later sixties far more brilliantly and ably represented abroad than it was in England."

The loss of this desire on the part of European Governments to negotiate for the reduction of tariffs was, it may be conceded, fatal to the prosecution of the treaty policy ; the question, however, is whether the favourable dispositions described in these words might not have been fostered instead of being discouraged by the action of the British Government.

Two advantages England had in approaching other countries, advantages of a material kind both of which she still perhaps retains. The first was the offer to secure to foreign countries, by treaty right, the greatest market of the world which she had indeed thrown open to the world, but for the retention of which by foreign countries there was no guarantee beyond the conviction entertained by the British Government and people that the policy of free imports was advantageous to themselves. The second lay in our system of revenue duties which *pro tanto* are undoubtedly an impediment to free trade, and which gave us, in days when economy

and reduction of public expenditure were cardinal rules of the British Government, a possibility of offering concessions even more valuable than those afforded by the abolition of protective duties. The revenue sacrificed by the final removal of these latter duties in 1860 was but a drop in the ocean of indirect taxation, for the sweeping away of some hundreds of duties involved a loss of no more than £800,000 of revenue, and the further cost of encouraging foreign trade by a reduction of duties was only about £1,250,000 ; while the revenue derived by Great Britain from customs duties remained at over £23,000,000 and in 1877 was second only to that of the United States in amount, a position which it still holds.¹ Duties of this kind seem,

¹ "In thanking God that he is not as other men," wrote Sir L. Mallet in 1879, "or even as this foreigner, the British Pharisee must not be allowed to deceive himself by a phrase. So long as we continue to derive half our revenue from customs and excise, our fiscal system may be very convenient, *but our trade is not free.*" . . . "It is no consolation to the grower of wine in France or of tobacco in America to be told, when he is trying to promote a wider trade in these commodities, that our duties are imposed 'for revenue purposes only' and are therefore above criticism." By an analysis of the sum annually raised by British duties on foreign goods he showed that, of our different neighbours, "there is hardly one which draws as large a revenue from the taxation of British produce." "It will no doubt be a source of satisfaction to the advocates of a reciprocity of restrictions to find that our so-called revenue duties cannot fail to produce results as injurious to the exporting industries of the countries affected by them as their protective duties cause to our own trade." . . . "What more could the most strenuous advocate of a retaliatory policy desire?"—"Reciprocity," see "Free Exchange," pp. 134-135 and 144-145.

however, to have had, owing to revenue considerations, a *noli me tangere* character which precluded their use in international commercial arrangements, for the precedent of 1860 with regard to the wine duties was practically never afterwards followed.

The Anglo-Austrian treaty was based on the first of these principles, and is a standing refutation of the notion that England is always powerless without a protective tariff to bargain with. Austria possessed a Government which was mediæval in its want of enlightenment; she was passing through the throes of the struggle with Prussia; yet the zeal, tact, and knowledge of the British Commissioners, with a minimum of real backing even from their own Government, succeeded in "securing a revision of the whole customs tariff of Austria, in return for the abolition of duty on a few Austrian staves, and the equalisation of duty on Hungarian wines in bottle and in wood!" Sir Louis Mallet, the negotiator to whose exertions this result was chiefly due, was justified in speaking of it as a "great achievement," and in anticipating continued advance in the same direction towards commercial civilisation and freedom.

"Every fresh accession to this new alliance," he wrote, "is a pledge for its future extension.

Each new treaty which is made has a double operation. It not only opens the market of another country to foreign industry, but it reacts on those already opened; and by the universal introduction of the most favoured nation principle, the indispensable condition of all recent treaties, each new point gained in any one negotiation becomes a part of the common law of Europe. It is thus that the Austrian treaty has obtained for France an alteration in the English wine duties, and Austria is at present engaged in obtaining for England a relaxation of the French navigation laws."—It was to lead to a still more important advance in the treaty with the Zollverein in 1868.

Why was this promising commencement not followed up? It is commonly assumed that the Franco-Prussian War, the fall of the free trade emperor, the commercial treaty provisions of the Treaty of Frankfort, and the revival under M. Thiers of protectionist sentiment in France put a stop to the movement. And it is certainly true that war, with its crushing financial burdens and the stimulus it always gives to narrowly national ideals, is the worst enemy of free trade. But this is far from being the whole story. The attitude of the British Treasury, as Sir Louis Mallet's memoranda and proposals for negotiations with Spain, Portugal, and Germany conclusively show, had nearly as much to do with the breakdown of the policy. As early as 1866

negotiations with Portugal which, combined with a Spanish treaty (the inevitable consequence of the conclusion of one with Portugal), might have opened up a great new market to British products and conferred the double benefit on the British and the foreign consumer, had been foiled by the refusal of the Treasury to meet the complaint of the wine-growers of the Peninsula that their wines were largely excluded from our market by the premium virtually given to French wines by our existing custom-house system. That system operated as a discriminating duty against Spanish, Portuguese, and British colonial wines of 150 per cent., the stronger wines being subjected through the operation of the alcoholic test to a 2s. 6d. duty, as against the 1s. duty on the lighter wines from France and Germany. The concession of lowering the 2s. 6d. duty to 1s. 8d. would have cost the revenue but three or four hundred thousand pounds; but the Treasury and the Revenue departments successfully opposed it on the ground of danger to the spirit duties.

In 1870 Mr. Lowe was Chancellor of the Exchequer. The question of Commercial Treaties with Spain and Portugal having again been raised by the Board of Trade, he peremptorily declined to enter into any negotiation and stated his reasons in a private letter (unpublished) to

Mr. Bright. In this letter he repeated the objection that his advisers at the Customs and Inland Revenue considered that to make the necessary concessions with regard to the limit of 26 per cent. for proof spirit would endanger the spirit duty revenue (an opinion "of the soundness of which I am not competent to judge"); and he further insisted on the objection he entertained on the ground of abstract principle to commercial treaties.

Sir Louis Mallet had for years argued that the danger to the spirit duties was largely illusory, and did not on this occasion return to the subject, confining himself in his reply to this letter (which Mr. Bright had referred to him) to Mr. Lowe's general or abstract statements of opinion. He had no difficulty in showing that these rested mainly on a refusal to distinguish between the character of treaties of the pre-Cobden period and treaties of the modern type. "Reciprocity," he said, "may be good or bad. Reciprocity of restrictions is an evil; reciprocity of relaxation is an unquestionable good." Mr. Lowe asserted that every state should at all times be master of its own resources, and not bind itself to forego methods of raising revenue . . . under conditions which cannot be foreseen when the treaty is made. Sir Louis Mallet thought that the aspiration, "never again

to make the tariff a subject of negotiation" with a foreign power was one which "could not be realised except for a power which adopts a policy of isolation"; that "a tariff was a law which affected the interests of foreign countries as well as those of the country which made or maintained it"; and that therefore it was a matter of international concern and must always be liable to be made the subject of international negotiation.¹

In the same way that the duty on manufactured tobacco had been reduced from 9s. to 5s. a few years previously, so in 1870 the sugar duties were reduced to one half and abolished in 1874, without an attempt to find out whether these reductions might not have been made available to enlarge the international free trade area, although both cigars and sugar were articles of manufacture in which the Zollverein and other European trading communities were highly interested,

¹ In another place, when drawing attention to the difficulty which foreign countries had in carrying out independent tariff reform, he had observed: "Simultaneous reductions of tariffs are therefore undeniably better than independent and separate revisions, and if this be so, commercial treaties are not only the most convenient means of such revision but infinitely the most effectual, and this for two reasons:—

"1. They are necessarily framed with a better knowledge of the natural conditions of the respective countries.

"2. They afford a security from change at least for a term of years, an object of vital importance to trade which can be attained by no other method."

and might, as a competent observer remarked, "had they been introduced in a treaty shape, have been used with the greatest advantage in assisting the German free traders to carry those reductions of the iron duties which so greatly interest us, and for which, single handed and unaided, they have hitherto agitated in vain." Julius Faucher expressed the same opinion; and the pamphleteer from whom I have before quoted (a "disciple of Richard Cobden") was hardly guilty of exaggeration when he wrote as follows:—

"That the Chancellor of the Exchequer for the time being should make one reduction after another in the tariff of the largest importing community in the world on his own account, and without apparently so much as consulting the President of the Board of Trade or the Foreign Secretary and finding out whether such reduction might not be made available to enlarge the international free trade area, thus conferring the double instead of the single benefit on the British and foreign consumer, is a piece of insular eccentricity very trying to the temper of the foreign free trader, who would much prefer the active co-operation of Great Britain in the work of putting down actual duties to the 'missionary' tracts, to whose distribution Mr. Lowe would apparently restrict the active form of our diplomacy."

The question of the duties on French wines was another case in point. The reductions of

1860 had failed to realise the expectation that a taste for light wines would be encouraged in this country, and the obvious course would have been to try the effects of a still further reduction in what had proved to be a prohibitive price to the British consumer. The cost to the Exchequer of a very large reduction would have been trifling, and the benefit to the chief staple industry in sixty out of eighty of the French Departments would have been, or what would have served equally well, would have had the appearance of being, very great. The importance to England of maintaining the settlement of 1860 was admitted; but anti-treaty influences always prevailed against the attempt being seriously entertained on these lines in time to stem the slowly growing protectionist movement in France. The history of these negotiations, which extended over several years, is interesting, but too long for more than this cursory notice. But it is obvious from certain comments by Sir Louis Mallet on the negotiations of 1872, that in his opinion the action of the Gladstone-Lowe Cabinet, "that ill-omened body," as in this connection he styled it, at least contributed to the unfortunate course which British commercial relations henceforward took with France.

The culminating instance, however, of the same prepossessions on the part of the British Govern-

ment was in regard to Germany, and as it is practically unknown, the incident may be here shortly described. Prussia had been the first European power to carry into practical effect by her tariff law of 1819 the doctrines of Adam Smith in regard to international free trade. The life of this enlightened tariff was short, for it had to be sacrificed to the absolute necessity of cementing commercially the unity of Germany. But after 1860 the Zollverein was quick to take advantage of the opportunity of liberating trade with England by means of a treaty with France; and similarly the Anglo-Austrian treaty was immediately followed by a treaty between the Zollverein and Austria (in 1868), which became for the time the strongest international bulwark against Protectionist reaction.¹ It was to last till 1877, and it is needless to say that Great Britain under the most favoured nation clause profited by the reductions agreed on between the two contracting powers. But the advance made was not rapid enough to content the German free trade leaders then powerful in the North German Reichstag and Zoll Parliament, and after 1870 in the German Reichstag; they were not satisfied that the progress of the movement should depend on the goodwill of France

¹ An article by Dr. Julius Faucher in the *Cobden Club Essays*, 2nd series, 1871-72, gives a most interesting account of German commercial treaty policy.

(which after that year could no longer be counted on), and on so recent a convert as Austria; and, while proceeding energetically and with the support of the Prussian Government in domestic reform, they turned to Great Britain for a "safe and substantial treaty." Faucher, in the article referred to, has left a very full account of the motives of the promoters of the proposal, which were to anticipate the expiration of the treaty with Austria in 1877, to afford them before that opportunity should occur a lever for carrying forward the reform of the German tariff, and to place international free trade on a secure and lasting basis. The only actual "concession" on the part of Great Britain which was to be asked for in return for these great advantages to British producers was a reduction in the so-called countervailing duty of 5d. in the gallon by which the customs duty on imported spirits exceeded the excise duty on home-made spirits, and which "if not protection, had at least the misfortune of looking like it, as one egg looks like another." The importance of this concession lay in the fact that the Prussian agricultural party, then strongly free trade, of which Bismarck was the representative, attached great weight to it.¹

¹ As late as 1875 Mr. G. von Bunsen wrote to the Cobden Club: "As for the Chancellor of the German Empire, you are aware that with him the love of free trade is not an acquired taste, for the landed gentry of Prussia are essentially Free Traders. This

In this sense the British Government was actually approached, as appears from the following note of the occurrence, written many years after, by Sir Louis Mallet. The episode and its result are alike instructive :—

“ I wish to record an incident in my official life which is not without some historical interest.

“ In the summer of 1871, M. Michaelis, who was then Under-Secretary in the Department of Ministry of Commerce at Berlin, called on me at the Board of Trade, and told me that he had been sent on a confidential mission by Prince Bismarck, to ascertain whether it would be possible to open a negotiation with Mr. Gladstone's Government with a view to a commercial treaty between Germany and England.

“ He said that it was not in Prince Bismarck's power, for reasons which were obvious, to initiate such a negotiation unless he were assured beforehand that his proposal would be favourably received, but that if he could receive the necessary encouragement he would be prepared to enter upon the discussion.

“ I observed that I did not know what the conditions of such a treaty could be ; that I did not think that England had any so-called concessions to offer in return for tariff reductions in Germany which could be regarded as adequate, but that I should be glad to hear Mr. Michaelis' views.

hereditary predilection has, however, grown into a broad principle in his mind, and his advisers on economic matters are advocates of the principles of the Cobden Club.” He mentions the British spirit duties as a “grievance of old standing with the landed gentry,” and one which affected their pockets.

“Mr. Michaelis then said that the object of Prince Bismarck was not *so much to obtain reciprocal advantages* for Germany, as to obtain the means of reforming the German tariff and preventing reaction. In this view he thought that some small rectification of the English tariff in manufactured tobacco and spirits would afford sufficient material for a treaty.

“I expressed surprise at this, but assured Mr. Michaelis that his proposal appeared to me to be eminently deserving of careful and favourable consideration ; and that the object was one, in my opinion, of the greatest importance.

“I added, however, that I was perfectly helpless in the matter, that the Chancellor of the Exchequer (Mr. Lowe) was bitterly opposed to the policy of commercial treaties, and that all I could do was to represent to the Government the very interesting nature of his communication, and support his proposal to the best of my ability.

“I accordingly lost no time in consulting with Mr. Baxter, who was then Secretary to the Treasury, and asking him in what way it would be best to submit the statements of Mr. Michaelis to the Cabinet. Mr. Baxter entered warmly into the question, and expressed his entire sympathy. He was, however, quite as much impressed as I expected with the difficulty of making a successful appeal to Mr. Lowe. He decided that it would be better for him to undertake the task of reporting the overture which had been made, and I accordingly left the matter in his hands.

“Mr. Michaelis returned to Berlin, as I told him an immediate answer was hopeless, and after waiting a reasonable time I applied again to

Mr. Baxter. Some letters passed between us, and at last when I had left town he wrote, six weeks after the incident, that all his efforts had been fruitless, that it was only beating the air to talk to Mr. Lowe on this subject, and that there was not the slightest hope of the Cabinet entertaining the question.

“I do not recollect whether the decision was communicated to Mr. Michaelis through Mr. Baxter or through me, but the whole matter fell through and was never heard of more.

“It is important to remember that this transaction took place just after the Franco-Prussian War, when Thiers was in power and endeavouring to effect reactionary changes in the treaty with England.

“Bismarck's views were unsettled, and for the moment the little knot of free traders—Prince Smith, Faucher, and Michaelis—were in the ascendant. It is probable that, if Mr. Gladstone had responded cordially to this proposal and seized the golden moment, a treaty with Germany might have been concluded which would have superseded the French treaty as the basis of the European system of tariffs. Germany would have been committed for ten or twenty years to a liberal policy, and the reaction which has been going on in Europe for the last twenty years might have been effectually arrested.

“But Mr. Gladstone had already fallen away from the doctrines which under Cobden's influence he had nearly accepted. Mr. Bright had left the Cabinet, and Mr. Lowe's narrow and doctrinaire ideas had acquired a complete ascendancy over his mind. Lord Clarendon was dead,

and Lord Granville had espoused the anti-treaty creed of the older Whigs.

"Thus an occasion was lost by a want of insight and statesmanship which might have been turned to most brilliant uses and altered the course of the commercial policy of Europe at a critical and decisive moment. It was an irreparable blunder."

The writer of this passage did not allow the failure of the treaty policy to impair his faith in free trade. Some years later (1879) in a brilliant letter on the cry which had arisen for "Reciprocity," he put the whole case for the existing economic régime of this country with unsurpassed logic and pungency.¹ But while showing with unanswerable force how one-sided free trade must be better than no free trade at all, and had as a fact brought immense prosperity to this country, he was not debarred (as were his more doctrinaire colleagues by their opinions and actions in the past) from the admission that the existing system was *not* one of free trade, and he dwelt once more on the results of the "strange process of reasoning" which had led certain English economists to concentrate their whole attention on imports. On the same grounds he differed in later years

¹ "Its opponents," he remarked, "must at least succeed in proving that no bread is better than half a loaf, and that because we cannot sell in the dearest we ought not to buy in the cheapest market."

from these free traders who held that bounties upon foreign exports which are injurious to the countries which grant them are nevertheless beneficial to ourselves, and the expression of these views in certain letters to the *Times* exposed their author to some misconception.

“I have always,” he wrote, “understood it to be a cardinal doctrine of the free trade policy that it was reciprocally advantageous to the countries which exchange their products, and I am at a loss to comprehend how a system which injures our customers can be favourable to ourselves.” . . . “The complete fulfilment of the free trade policy is no less impossible under a system of bounties than under any other form of protection.”

The logical soundness of this position, which is that of the advocates of the commercial treaty policy generally, is difficult to assail, and Sir Louis Mallet's papers furnish forcible testimony to its expediency at the time when it failed to commend itself to the judgment of those responsible for British commercial interests. Its opponents, indeed, had some strong practical arguments on their side, the chief of which was the undoubted success of even “one-sided” free trade in developing the commercial prosperity of Great Britain, and in contributing to the accumulation of wealth in the shape of interest-bearing securities. Another was the mis-

representation and distortion to which the argument for the treaty policy undoubtedly lent itself in the hands of those who sought to undermine free trade. Neither of these considerations was perhaps sufficiently present to the minds of its advocates though Sir Louis Mallet himself dealt with them on more than one occasion. On the latter point, for instance, he expressed himself to a foreign correspondent as follows, and his words are an admission of the danger which Mr. Lowe and his school had feared.

“I am glad,” he said, “that M. Couvreur had no mercy on the miserable arguments derived from reciprocity. If Cobden could have foreseen that his treaty policy would have been twisted and perverted into an argument for maintaining protection at home, he would have been much surprised and disappointed. This phenomenon would afford some kind of justification for the almost equally perverse attitude taken up by Messrs. Lowe and Gladstone on the treaty question during recent years. The true policy for free traders is to insist on free trade with or without treaties, and to eschew alike the pedantry of Mr. Lowe and the apostasy of Mr. Malou.”

The pedantry of Mr. Lowe! Many of those who adhere in opinion to the policy of isolation would now be willing to admit that the distinguishing tenets of Mr. Lowe and his school, the insistence on the economic self-sufficiency of

Great Britain, the contemptuous refusal to assist the progress of free trade doctrine abroad, the habit of indulging in a "state of philanthropic ecstasy in regard to the consumer," and speaking "sneeringly and disparagingly of the producer and his profits," have had an unfortunate effect on the doctrines which they held with genuine devotion. Whatever view may be held of Sir Louis Mallet's defence of the treaty policy from the free trade point of view, little exception will probably be taken to his statement of the effect of the successful opposition which was offered to it.

"This school of English Chauvinism has always strenuously denounced and resisted all attempts to secure the co-operation of foreign countries in establishing reciprocity of freedom, as if it were only less objectionable than reciprocity in monopoly, and has succeeded in doing two very mischievous things.

"1. It has prevented the execution of a commercial policy which has been eminently successful in promoting freer trade on the continent of Europe, and which, if completed as it might have been, would have effectually barred the course of the present reaction.

"2. It is to a great degree responsible for, if indeed it has not directly caused, the present blind cry for reciprocity. By discouraging and discrediting all attempts to obtain reciprocity of free trade, and by ignoring the incontestable truth that you cannot have free trade without

reciprocity, the still grosser error has been generated in a section of the public mind that it is better to have reciprocity without free trade. The doctrine that half a trade is as good as a whole trade has led logically to the opinion that no trade is as good as half a trade."

The treaty policy with its considerable practical results and possibilities thus ceased after little more than ten years to be any longer an object of British statesmanship. From a personal point of view it had given Sir Louis Mallet an opportunity of distinction and it left him with a considerable reputation for commercial knowledge and skill in negotiation. He had come to be accepted as the most fully authorised exponent among the younger men of the Cobdenic tradition which he had described in a well-known article, since many times republished, as a preface to Cobden's political writings. He had attained a somewhat exceptional position in the Civil Service, and it was an ironical fate which at this moment reduced the office he held, that of chief of the commercial department at the Board of Trade, to insignificance. "When the demon of protection to native industries," he writes, "had been laid in the dust, it is not surprising that an idea should have begun to prevail that the department which had hitherto been employed, first in creating the protective system,

and then, by a sort of poetic justice, in destroying it, had no longer a *raison d'être*." He himself did not share this view, holding on the contrary that ample work lay before the department in a systematic and progressive attempt to bring our domestic economy and our colonial and international relations into greater harmony with the free trade principles nominally accepted in the government of the country. But he could not discover either in the public or the government any desire for a vigorous prosecution of these principles. He was hampered by official jealousy which endeavoured to restrict the sphere of his work, and he was finally forced to recognise that no useful field of action was left for his branch of the office. Although as regarded the Treasury and Colonial Office its advisory functions had practically disappeared, it still retained active and habitual relations with the Foreign Office where a commercial department had recently been instituted; but even in this respect "I see nothing," he was obliged to admit, "but weakness and inefficiency as the result of the present dual system. Power separated from knowledge, action uninspired by interest, interest chilled and suspended by inaction, divided responsibility, want of unity and continuity, circumlocution, delay, and feebleness."

It was a description perhaps not uncharac-

teristic of British administrative methods in general. The remedy he proposed was the transfer of the remaining functions of his own post to the Foreign Office, upon which should be thrown the whole responsibility of our foreign commercial relations. That office was, as he remarked, the centre of a large and most important administration in which commercial knowledge and commercial sympathy was becoming every day more essential. The new commercial department contained many elements of promise which, if it were made exclusively responsible for the questions passing through its hands, instead of all questions of importance being referred to the Board of Trade for instructions, might enable it to overcome the traditional distaste for commercial questions and attract the younger and abler men in the office. Such a department, he said, "should contain within itself all the knowledge and authority with which it is possible to endow it, by possessing officers thoroughly conversant with commercial principles and details and with the condition economical and industrial both of this and other countries, and inspired with the active interest in commercial progress which can only be created by habitual and personal contact with the commercial and manufacturing classes."

He embodied these ideas in two able and

outspoken memoranda, and concluded by expressing a wish to be allowed to retire on the usual terms then accorded in the case of abolition of office from a post which did not and could not under actual conditions of reduced employment at all fully occupy his time, and which "no honourable man who was capable of distinguishing between real work and false work could under present circumstances voluntarily retain."

These recommendations were in the main accepted. Mallet was "retired," though his retirement only took the form of removal to another sphere of work. The commercial work of the Board of Trade was given up to the Foreign Office, and the fine library of economic works transferred to that department, where it has remained neglected and unknown. The result of the change did not justify Mallet's hopes. The Foreign Office did not succeed in taking up this important branch of work, and the Board of Trade came in time "to be again consulted in treaty negotiations" until the system which had been condemned and discarded, of having "one department to advise and another to act" has been re-established. The only thing which could have made the new plan a success would have been to transfer to the Foreign Office, when an opportunity occurred, the man who had the requisite knowledge and energy

at his command, and who held in his hands all the threads of European commercial policy. But official etiquette and the hostility of the Chancellor of the Exchequer to the treaty policy made this impossible; and though Mallet was still for a time consulted,¹ though he still continued to press his views on successive Ministers, and though he was actually despatched to Paris in 1877 at the head of a commission

¹ As, for instance, by Sir Stafford Northcote in 1875, when Mallet sketched out suggestions for maintaining the treaty policy, if possible, even if some reactionary changes had to be accepted. He recognised, of course, that more could probably not be accomplished until some great Continental Government again took up the idea. In the course of a long letter he remarked: "The practical point to which our manufacturers attach importance is the danger arising from revision of classifications, which being made without reference to British conditions and prices, are really differential. This is a just ground of international remonstrance, and I greatly doubt whether a friendly Government would refuse to entertain representations on such a point if made before negotiations have proceeded too far to be disturbed. This is a kind of action for which our diplomatic people should always be on the alert. . . ."

"It is often said that England is unable to exert any effectual influence in moulding foreign tariffs, because she has little or nothing left to offer by way of reciprocal reductions. In the first place this is only true if it be decided that no change can be made in our wine and spirit duties, so far at least as Germany, Austria, or Spain are concerned. But irrespectively of all possible reductions on our side, I have always held, and my opinion is the result of much personal experience, that a Government like our own can do much by timely and friendly representation. The public opinion of Europe regards (or regarded) England as the leading power in the free trade movement, and this invests her with a degree of moral influence which ought not to be regarded as a useless and insignificant possession."

to negotiate a new treaty of commerce with France,¹ his removal from the Board of Trade in 1872 closed the chapter of his usefulness as a commercial diplomatist, and sealed the fate of the treaty policy. Writing afterwards of the Liberal defeat at the polls in 1874, he remarked : "In the questions which interested me most, namely, those connected with the free trade policy in the largest sense, I never served under a Government so unsympathetic and even hostile. Indeed they have effectually stamped out all the work in which I was engaged at the Board of Trade."

¹ The basis of this treaty was a considerable reduction in the duties settled by the Cobden tariff. Whether the British Government would have seen their way to consent to the necessary reduction of the wine duties is problematical, but the negotiations were interrupted by the prolonged political crisis in France which began on the 16th of May, and were not afterwards resumed.

CHAPTER III

INDIA

1872-1883

THE arrangement by which Sir Louis Mallet's official career was prolonged decisively marked the intention to remove him from the sphere of work which he had made his own, for in February 1872 he was nominated a member of the Council of the Secretary of State for India. This rather incongruous appointment was, however, justified by the pressure which had been put upon the Secretary of State by the commercial classes since the extinction of the East India Company for a more adequate representation of British commerce in the new Government. In Mallet the Duke of Argyll accordingly found a man who was not only acceptable to the commercial interests of the day, but a trained official and financier. It was a position which might have easily proved discouraging to a man of less industry and character, but his natural geniality and tact placed him on good terms with his Indian colleagues, and he soon became engrossed in new work and new problems. He was at

once struck with the financial disorder prevailing in the Government of India and with the inherent vices of principle in the chief sources of revenue, while the India Office system with its "constant friction and almost invariably negative result" impressed him unfavourably from the outset. With his friends Sir Mountstuart Grant Duff as Political Under-Secretary and Lord Northbrook as Governor-General, he was, however, not likely to be alone in ideas of reform; and the former was soon writing that "Mallet is taking an ever more and more active part here, and will, I think, be a tower of strength for all good things and people." This opinion was doubtless shared by the Duke of Argyll, whose last official act was to transfer him to the permanent Under-Secretaryship vacated by the death of his cousin Herman Merivale, a man of whom the first Lord Lytton once said "the leading characteristic of his mind is massiveness, and it is the massiveness of gold." Thus in two years from his entry into the India Office he had attained one of the great administrative posts of the Civil Service, hardly any of which, I think I am right in saying, had ever until then been reached by a man who had joined it as a junior clerk. "A right good selection I think it is," wrote one of his colleagues in the Council, an ex-Governor of Bombay. "I knew him not before.

But since he joined us he has sat next to me (in Council), and, hearing him when on his legs, and conversing with him privately, I am convinced he is what I in my most eulogistic phrase deem a workman."

The nine and a half years during which Sir Louis Mallet held this post were years of considerable importance in Indian history, comprising as they did the strongly contrasted vice-royalties of Lord Northbrook, Lord Lytton, and Lord Ripon. In the brief survey which falls within the scope of the present study I shall confine myself to tracing the main lines which the new Under-Secretary's activities took, and endeavouring to show how these activities were inspired by what I may call Cobdenic ideas of policy, or by the conception he had formed of that policy. It was a singular fate which threw into the vortex of Imperial Government a man trained in so liberal, even democratic, a school; one indeed who in his new position typified in a striking fashion the war of principles which underlies the British Empire.

"We are carrying on," he wrote in 1878 to a friend, "side by side an Imperial and a Democratic policy; in one part of our dominion proclaiming self-government and free institutions with the widest popular suffrage, in another maintaining our hold on vast populations only by a powerful

administrative despotism supported by military force—at once a great Christian nation and the greatest Mahomedan power in the world—in England so far secure in the strength of a loyal and united people; in India trembling at the mere whisper of a Russian pedlar in a native bazaar.”

A man to whose mind fundamental facts of this description presented themselves as realities not as abstractions of little meaning, who knew that in the clash of principles the one must finally triumph over the other, and who did not console himself with the easy reflection that things would last his time, such a man at all events approached the problem of Indian administration in a spirit which widely differentiated him from most of the colleagues with whom his lot was now cast.

In this double experience which official life brought him, in his clear perception of opposing tendencies in the life of the nation, in his warnings that the triumphs of freedom and popular Government at home might be imperilled by any extension of Imperial responsibilities, in his fear that a fatally decisive turn had already perhaps in his own time been given to our historical development, lies perhaps the main interest to a political student of these years of his life. I shall have to return to this point in speaking of his ideas of foreign policy.

"I sometimes," he wrote, "sit in council here and fancy myself in a society of monomaniacs, so entirely absorbed is it by the one idea of India, and so utterly insensible to all the facts of European and general imperial policy. Here lies our danger. Those who are responsible for England know nothing of India, and those who govern India, except the Secretary of State and the Governor-General, know nothing of England and Europe. They never heard of America!"

In Indian discussions he felt himself constantly called upon to remind his colleagues at home and in India of the fundamental conditions upon which the British rule was based, conditions of which, in their imperial ambitions, they were apt to lose sight.

"I am afraid," he writes on one occasion, "that — knows the English people little and ill; so complex are the forces which sway them that he would be a bold man who ventured to predict with undoubting faith the national verdict in a supreme crisis; but he would be a bolder still who as a statesman should pledge them, even for the sake of India, to any course in which they might afterwards find themselves opposed to some great cause of human freedom and progress."

The ablest of Indian administrators were precisely those who could least brook the restraints of English popular opinion.

“Here again,” he writes to one of them, “you ignore the conditions of English public life and of the British constituency. A perfectly virtuous man has no business with English politics. It is only in India that this high ideal is attainable. Be thankful, therefore, for your own advantages, and do not judge harshly those who have been less favoured by fortune.”

To another :—

“A parliamentary system may be an idiotic form of Government, but it is that under which, for good or evil, we are condemned to live. The business of a statesman is not to ignore this, and abuse those who cannot ignore it, but to work with it as well as he can.”

On the other hand, the Under-Secretary was equally vigilant in endeavouring to palliate the evil effects of ignorance and sentiment in parliamentary and journalistic circles at home. “I quite agree,” he wrote *à propos* of some speech by Mr. Bright, “that India cannot be governed from Simla, but still less can it be governed from the ‘stump.’” At the end of his career he summed up his view of the position as follows :—

“Whoever fills my place should possess the habits of political thought and training engendered by contact with English public life. . . . At the centre of a vast administration composed of powerful services, the India Office is the connecting link between two systems of government,

the parliamentary and the despotic, which are always liable to be brought into dangerous collision; and the Under-Secretary is the one permanent official whose especial function it should be to resist and restrain the influence of the bureaucratic spirit . . . and to try and throw daylight upon the dark places of Indian Government."

To this ideal he steadily adhered in practice. He was, as a sympathetic critic has observed, the most unofficial of officials; always ready to welcome outside criticism and zealous in probing any accusation of inefficiency or maladministration. A correspondent has reminded me of the indignation and personal sorrow which moved him at hearing of any proved act of injustice or unworthy conduct by an English official. He had deeply at heart the interest of the masses of the Indian people. "With our distant administration," he wrote to one of his chiefs, "one is always obliged to recall the saying of the Marquis D'Argenson, which is profoundly true, 'Il nous faut des âmes fermes et des cœurs tendres de perséverer dans une pitié dont l'objet est absent.'"

On more than one occasion (such as that of the Réunion coolie trade) he pressed the considerations of humanity with a warmth and an urgency very rare in official writing, which

showed how profoundly his nature was moved by injustice and oppression. As he remarked, he had written letters on this subject to a certain ambassador "which must have made his respectable hair stand on end." But while his life and political thoughts were inspired to a singular degree by humanity and philanthropy, it would be a mistake to give the impression that he was lacking, as men of such a character are apt to be, in the qualities of the man of the world. Fortunately for himself and his work he was eminently gifted with tact and sympathy in dealing with men. If he hated bureaucracy the bureaucrats became his very good friends; he had a strong sense of loyalty and justice, and he carried with him to his grave the esteem and affection of very many of those with whom he became associated in the service of India. It may be added that the serious view he took of his official position and responsibility made it easy for him to maintain his departmental authority and influence.

In his practical work he did not allow speculations of the order described above to paralyse his energies. Administration presents much the same problems all the world over, and economic principles, Mallet thought, were equally applicable in India as in England. The cumbrous machine had to be worked: the struggle maintained against waste and extravagance, and the

effort made to improve the material conditions of the Indian millions and to fit them for the distant prospect of self-government. "Husband our resources," he wrote to a viceroy, "spare our forests, keep down taxation, liberate your land as much as possible, and go on very quietly and very slowly." On such general lines he laboured unremittingly without any great hopefulness of permanent success, but always striving, himself the only stable element in the shifting scene of Indian rulers, to impress his ideas on successive secretaries of state viceroys and financial members of council.

Half the effort which was spent, perhaps wasted, in converting or combating Indian officialism would have produced lasting results in almost any other field of official or unofficial labour, but some beneficial measures, I think, may be attributed to his steady support and influence.

In the multiplicity of affairs of a more or less routine character which occupy the attention of a permanent head of a great department, and in the special functions of a personal character which arise in the case of an under-secretary at the India Office from the relations he has to maintain not only with his political chief, but with the members of Council, and with members of the Government in India especially if they happen,

as was Mallet's own case, to be in many cases personal as well as official friends¹—amid these various demands upon his time, he made it his business to master the large questions of Indian policy which fell more particularly within his own range of interest and experience, such as the questions of the land and of public works, problems of currency and finance, and, arising out of this last, general considerations of Indian foreign policy. One after the other he tackled these topics as some practical matter connected with any of them came up for decision, always bringing out, as much for his own satisfaction as for the instruction of others, the principles which underlay their consideration.

Among the strongest of his early impressions was the astounding diversity of opinion which existed upon fundamental facts between the highest authorities, with the result that action was "constantly paralysed by a universal scepticism." His own instinct led him in these circumstances to fall back upon principles, but he soon found that principles were regarded by every one connected with the Government of India with "extreme aversion," and he was forced to admit that in many cases general principles were rarely applicable to the actual con-

¹ I mention among these particularly Lord Hobart at Madras, Lord Northbrook, Major Baring, and Sir M. E. Grant Duff.

ditions of India. But he accepted this view with an important qualification.

"I accept it," he said, "only so far as to attach the most extreme importance to the careful and conscientious study of all the facts of each particular case. . . . If the deductive method be discarded altogether, surely we have a right to ask for some careful and accurate process of induction; yet if there is one thing which is wanting in any investigation of Indian problems, it is an approach to trustworthy and generally accepted facts."

I find him, therefore, in a letter to Lord Northbrook, applauding his energy in taking up statistics. His words are worth quoting for their general application.

"I observe," he said, "that a favourite argument has been that good statistics being unattainable it is better to have none. I think this has a very official smack about it. The real answer is that, if they are bad, every effort should be made to make them better; for, be it remembered, you *cannot* and you *do* not do without them. You are compelled to use figures in every case in which you have to formulate a demand or defend a position."

An excellent illustration of his particular point of view is his manner of dealing with the Indian land question. On one occasion he involved the Office in a discussion of the old but vexed ques-

tion whether the revenue derived by the Government from the land was of the nature of a rent or a tax. Some of his colleagues treated it as a *question oisive*, or a mere difference of words. He succeeded in showing that if it was a question of words it was at least also one of practical significance. Brilliant and exhaustive arguments were produced on both sides. The immemorial custom of Indian rulers and the influence of Mill on modern civil servants told strongly in favour of State landlordism. Mallet strongly commented on the confusion of thought and the inconsistencies in action exemplified in the current policy on this question, and pleaded for an avowed policy of land revenue based on the theory that it was a tax, falling into its proper place in a reformed fiscal system which should endeavour to lay under contribution the various classes and industries of the empire, instead of looking upon the rent of the land as the one great fiscal resource which could be drawn upon in times of difficulty. It was hardly in point to say that we now took as nearly as possible half the rent of lands not permanently settled and that, whether we called this revenue or rent, the fact was the same; or to argue that under the Moghul Empire the land was far more heavily burdened than now. The question was, "whether, if we called our demand revenue instead of rent, we

should be able to continue to take that half ; or whether, if we called it rent, we ought not to take the whole ; and whether the whole system which had grown up gradually was not so full of inequality, and imposition, and uncertainty, as to be a source of future danger and disaffection." For what was the impression made upon "an outside observer like himself" by a study of the accounts which reached him from different parts of India? "A marked absence of any adequate accumulation of capital upon the soil, and of any sufficient appropriation of such capital to purposes of agricultural improvement . . . in the people prevalent habits among the higher classes of prodigality and indolence, and among the lower, a character of helpless dependence on Government, extreme poverty, and generally very low conditions of existence." Such conditions were precisely those which the "science and experience of modern societies would have predicted as the inevitable results of the economic conditions which have prevailed." Under such conditions the policy of further taxing the land might easily become a political danger, and "the large margin on which, under the rent theory, the State had a right, if it be not a duty, to encroach, lends itself to such an extension."

In an economical point of view he regarded such a policy as especially dangerous.

“The function of rent is to restrain the undue pressure of population on the soil. The presence of rent is the result of the demand for land pressing on the supply. To take the rent and divide it among the whole population, which is done when it is substituted for taxes, is to counteract and neutralise the operation of the law of supply and demand by stimulating the demand anew without increasing the supply, and tends directly to a progressive pauperisation of the community.

“For these reasons, without disturbing past settlements, which we cannot afford to do and cannot now do without gratuitous fiscal sacrifices, I shall rejoice to see a limit placed on future assessments, with a view to which the renunciation of the theory of State landlordism would be the most effectual step. In speculating on its future resources I should like to see the Government steadily putting rent out of view, as only liable to taxation in common with other forms of property.

“Sir Henry Maine, in contrasting the possible advantage to Ireland or to India of the appropriation of the whole rental of the country by the Government in lieu of taxation with the effects of a ‘spendthrift’ proprietary, appears to me to forget that Governments are also sometimes ‘spendthrift,’ and also to have overlooked for the moment the difference in the economic results of the two systems respectively. I say for the moment, because I find in his recent admirable work on ‘The History of Early Institutions,’ the following remarkable passage: ‘I believe I state the inference suggested by all human legal history, when I say that there can be no material advance

in civilisation, unless landed property is held by groups at least as small as families.'

"Under a system of State proprietorship, the tendency certainly is to stimulate and concentrate population, and to increase the demands on the soil of a particular district or country until there is hardly a potato or a spoonful of rice left to divide. Under the system of private ownership the tendency certainly is to restrict, to deter, to disperse, and in the last resort to extinguish by eviction and expatriation the surplus growth of population. I do not agree with Mr. Mill that because land is limited it is not a fit subject for appropriation by individuals, but should be considered as the common property of all. On the contrary, the fact that land is limited affords the strongest possible reason for its appropriation by individuals as the only method, consistent with personal liberty, by which the population can be kept in due proportion to the means of subsistence.

"So long as the present law of population operates there is nothing, short of State control, which can operate with so much force in restraining its undue growth in particular places or countries, as the institution of private property in the soil.

"To divide the rent of a country among all its inhabitants is an act of gratuitous distribution, with no corresponding service rendered by the recipients. The private landlord performs for society functions analogous to those of the 'forestaller' or 'regrater' in adapting demand to supply, population to means of subsistence. His demand for rent is a warning to pass on to unoccupied lands and pastures new, or to

cease to increase and multiply without replenishing the earth, and it is a warning which cannot be disregarded with impunity or by the juggler's trick of taking the rent from the agricultural class in the name of the State and handing it back to the whole population as proprietors of the soil.

"It may be said that it is idle to apply an abstract law such as this to a society so vast and complex as that of India, but I contend that it is a far sounder course to start from a general principle and qualify it as you go along by the thousand considerations which its application requires in the practical conduct of Government, than to discard it altogether and deal separately with every set of facts which presents itself. This is to embark in a boundless sea of inquiry without chart or compass."

I have laid some stress upon this argument, because right or wrong it was at the root of his foreboding as to the possibility of real material progress in a great agricultural country like India. His letters constantly recur to the subject, and he seized every opportunity, such as the appointment of the late Sir James Caird to a Famine Commission in 1878, to ventilate the working of India's system of agriculture.

"I am more and more convinced," he wrote to one viceroy, "that the land system is the central stronghold of all that bars progress in India, and that he who first recognises and introduces the great principle of private property in the soil will

be the founder of an institution which will give a new force to Indian civilisation."

The miserable poverty of the Indian ryot, in a country in which it was possible to repudiate with scorn the suggestion that a man with an income of £10 a year was a poor man, was ever in his mind.

"You say," he writes to another, "economy must yield to policy. True, but the violation of economic law, however inevitable, must bring its consequences, and what can come of such a population with such a land system and such religious notions about the procreation of children and all the evils of over-population which crop up at every turn?"

Just as he was opposed to State landlordism, so he was for limiting, as far as possible, the functions of the State as regards public works and especially railways. The arguments against Government monopoly were to his mind as strong in the one case as in the other; in the case of an artificial as of a natural monopoly. A railway is a monopoly, said the partisan of State railways, and for that reason alone it ought to be in the hands of the State. He replied, "It is only a partial monopoly, and by allowing private enterprise you make it less of a monopoly, by giving it to the State you make it a complete monopoly. If monopoly is a bad thing, it is an

odd policy to intensify and stereotype the evil." He quotes his "Bastiat" in writing to a correspondent:—

" Il y a entre l'avantage naturel et le monopole artificiel cette différence profonde. L'un est la conséquence d'une rareté pré-existante, inévitable; l'autre est la cause d'une rareté factice, contre nature. Dans le premier cas ce n'est pas l'absence de concurrence qui fait la rareté, c'est la rareté qui explique l'absence de concurrence. . . . Dans le second cas c'est tout le contraire. Ce n'est pas à cause d'une rareté providentielle que la concurrence est impossible, mais parceque la force a étouffé la concurrence qu'il s'est produit une rareté qui ne devait pas être."

In his general view of public works policy he was in constant conflict with the advanced school of Indian statesmen represented by Sir John and General Strachey, who based their ideas rather on continental than on English or American precedent. Not that he would have denied, or did deny, the necessity that existed in the case of India for Government action on a large scale, though from an economic point of view he did not believe in it as a means of removing the causes of poverty in that country. The only result would be to increase the number of those living on a minimum level of subsistence. He therefore failed to sympathise with the "feverish impatience to cover India with railroads and

waterworks," "quite out of place in a country which will not pay for them by taxes and will not lend us the money." . . . "To say that the absence of irrigation works and railways is a cause of famine is quite as absurd as to say that want of food is a cause of famine—that is to say that both are obvious truisms but leave the real question untouched. These are, of course, the immediate causes, but why is there no food, why are there no irrigation works? Simply and solely because the people are too poor, and this brings us back to the old question, why are they so poor? Certainly not from the want of food or of public works, these are the effect and not the cause of their poverty. If the people were rich they would have both food and works."

Financial considerations weighed quite as much with him as economic theory in his treatment of the public works question. He did not look forward with satisfaction to the possibility of railways becoming a source of revenue,¹ for he thought it a danger that "any Government should be trusted with an income which is not raised by taxation on honest estimates from year to year." He held that for a country like

¹ In 1883-1884, when Sir Louis Mallet left the India Office, railways were a *net charge* of £304,912, in 1902-1903 they were a *net profit* of £22,894, and in 1903-1904 of £850,669. Irrigation was a *net charge* of £573,017 in 1883-1884, and a *net profit* of £193,746 in 1902-1903.

India at all events "low taxation" (to quote Lord Cromer's recent phrase in another connexion) "should be the keystone of the political arch," and he never lost sight of the fact that a non-tax revenue like that from land or State railways is a drain like any other on the resources of a people. But public works at the time when he approached the subject meant constant and unremunerative expenditure; the Public Works Department with its "weary round of loans, railways, and irrigation schemes," was a "bottomless pit of expense and waste"; and it was difficult enough to find money for the necessary "protective" works for military and famine purposes without launching into general railway enterprise. He therefore strongly deprecated the contraction of the new liabilities of an extensive character which were constantly pressed for by the Indian Government for political and personal reasons, until we had "readjusted our system of taxation as regards customs and salt so as to remedy the injustice of their present incidence"; and he insisted that a "stern limit should be put on this discredited department's power of dealing with Indian money."

A chronic difficulty of the Indian Government is to attract sufficient British capital to India. Sir Louis Mallet believed that much of the reluctance of private capital to embark in Indian

enterprise arises from the restriction of the field for its employment owing to State action. He waged constant war on the "limited guarantee" system, and succeeded in more than one attempt to attract private capitalists into railway enterprise, though these attempts were not prosecuted with sufficient determination and conviction to produce a lasting impression.

"I am satisfied," he said, "that if Government would honestly stand aside and not consider that profits earned by a company are lost to the country we should get capital easily enough." . . . "The fundamental vice of Anglo-Indian statecraft is the notion that all that is not gained by Government is lost to the State. The great maxim of Peel to leave money to fructify in the pockets of the people is too much overlooked. Hence the dread of any profitable concern being absorbed by a company or by private enterprise. Immediately Government officials and able administrators cast hungry eyes upon it. . . . The Anglo-Indian always speak of the Government and the country as two distinct things, and as if the people existed for the sake of the Government instead of the Government for the sake of the people."

Without therefore advocating any quixotic sacrifice of valuable public resources at our command in India, resources which might well be utilised to secure a large and adequate measure of financial relief, he would, as he said, "view

with the greatest satisfaction the adoption of a policy by which the State should gradually, as suitable occasions might arise, disembarass itself of proprietary rights which, as in the case of land, he considered to be inconsistent with any sound system of national economy"; holding as he did that "commercial profits are not a legitimate source of revenue, and that by giving full and ample inducement to private capital the great object of the rapid development of India would be attained in half the time." For, as he insisted, "we cannot, without the most reckless improvidence, go on making State railways with borrowed money, except on a very moderate scale, and the requirements of India cannot be met without a large supplement of private and unguaranteed capital. The Government of India should be stern, even to brutality, in stopping this growing drain upon our Treasury in the form of remitted interest."

Such were the ideas stated in the barest outline which underlay his action in endeavouring to confine the action of Government to works of a "protective" character, and leave all reproductive work to private enterprise. The opposite view has inevitably prevailed, with the result, attributed to it by Sir John Strachey its foremost champion, of increasing "to an almost incalculable degree the material wealth of the Empire,"

and of strengthening her "not only in a military sense but also as a protection against the perennial peril of famine." So long, indeed, as the necessities of Indian Government demand an ever-increasing expenditure it is impossible to dispute the advantage of an expanding revenue from State railways. Sir Louis Mallet may not have anticipated so large a measure of financial success as is claimed for the policy to which he was opposed, and it would be rash to challenge an opinion like that of Sir John Strachey which is now so generally accepted in the best informed quarters; but it may be observed that the success of the policy from the fiscal and Government point of view proves little as to the respective merits of State agency and private enterprise, and that the condition of the mass of the Indian cultivators remains a problem on which it is possible for competent authorities to hold views varying from comparative optimism to the blackest misgivings. In any case such progress as may have been made must be due to some extent to the preservation of peace, to wiser, more scientific, and more economical financial administration based on more careful statistical observations, and to the steady attempt to keep down expenditure—all quite as much the object of Sir Louis Mallet's solicitude as the economic views to which some of the foregoing remarks would

have given a misleading prominence if the intention had been to describe his daily work of active administration and advice. No one, however, who has had experience of administrative affairs of however humble a character will be inclined to undervalue the stimulating and clarifying effect of a strong grasp of guiding principles in one whose position and character is such as to enforce attention. Nowhere is an influence of this kind of more importance, nowhere is it more rare, than among Englishmen whose talent lies in getting useful results out of impossible administrative methods, and amid a chaos of theoretical ideas. Mallet himself was perfectly conscious that when he talked of principles in connection with the Land or Public Works he was regarded as "doctrinaire," and looked upon with something like pitying contempt. Few among those who pride themselves on being practical men would sympathise with the frame of mind which could dictate the following words, penned towards the close of a long official career.

"The older I grow and the longer I am called upon to witness the increasing disregard of everything except considerations of the merest, sometimes the basest, expediency, the more strongly do I abominate the flabby, superficial, hand to mouth manner in which all questions involving economical principle are treated in the present

day. Our younger men—I cannot call them statesmen—are all half socialists. I thank God I was trained in another school, although it is painful enough to see the fabric of our national economy raised so far on sound foundations, undermined and crumbling in every direction.”

Closely connected with these subjects were the more strictly financial and commercial questions on which Sir Louis Mallet spoke with unquestioned authority, and in respect of which he was more successful in gaining acceptance for his views. While in the questions of which I have spoken his influence was rather of a negative character in checking extravagance and reducing expenditure, in formulating safer rules and in steady action; in finance he had the satisfaction of meeting with active co-operation in the Government of India and of seeing the principles he advocated to a large extent adopted.

Here, again, as his custom was, he broke ground with a careful analysis of the conditions of Indian commerce and especially of the trade between India and Great Britain, the governing feature of which was the so-called “tribute” payable by India on account of the “home charges” and private remittances. By these India incurred an annual loss of £20,000,000 on her foreign trade in return for the advantage of British rule. As early as 1876 he discussed the effect of this “pay-

ment" on the exchanges in increasing the excess of exports from India over her imports, drawing attention more particularly to the sudden change in the value of silver which had recently taken place, an "event of a kind to aggravate in a marked manner, by diminishing the purchasing power of India," the evil which in his analysis of the conditions of Indian trade he had shown to have already assumed serious proportions. He was thus brought face to face with the question of the currency. He saw that the fall of silver was likely to be much more than a transient phenomenon; and at once, in common with the Indian Government to whom the problem had long been familiar, became alive to the immense injury which had been caused, and was for so long to be caused, to that Government and to the official classes from the uncertainty prevailing as to the future relative value of gold and silver. "There is no question," he wrote at a later date, "connected with India's loans and remittances [which form a material part of the current business of Indian Government], in the consideration of which the absence of a uniform standard of value between England and India is not a source of the greatest embarrassment and often of loss."

Shortly stated, the divergence between the two metals placed the Government in the dilemma of having either to raise its revenue or to reduce its

expenditure, or to resort to both these expedients, in order to restore financial equilibrium. He proposed, therefore, to meet this intolerable difficulty of a long series of Indian budgets by an expedient which was resorted to twenty years later, the adoption of a gold standard without necessarily a gold currency, and the rating of the rupee, a policy which he showed by a lengthy argument was likely to offer great advantages and but little serious risk. He did not attempt to defend his proposal by any assertion that it was in accordance with the strict rules of financial and economic science which would be applicable to a country in different circumstances from those in which India was placed. He looked upon it as a necessary "surgical experiment." "My personal prepossessions," he said, in words which necessarily apply to much of his work in Indian Government and which are worth quoting in answer to charges of a too pedantic orthodoxy, "in favour of the general principle of a *laissez-faire* policy in matters of State economy are well known, but in India it is impossible and most illogical to press this policy on all occasions. Perhaps in its execution it might be found that the first step which would be necessary would be that of leaving the country!"

The conclusions of the International Conference of 1878, affirming the necessity of maintaining in

the world the monetary functions of silver as well as those of gold (thus reversing the vote of the Conference of 1867 in favour of a single gold standard); and the growing conviction forced upon expert opinion that the cause of the divergence was rather an appreciation in the value of gold rather than a depreciation of silver, converted Sir Louis Mallet to the opinion that the true remedy for the disturbance was to be sought in an international agreement fixing a ratio between the two metals. He came out of the Conference of 1881 at which, with Lord Reay, he represented at Paris the interests of India a convinced bimetallist, a position which he maintained for the rest of his life and notably on his appointment as a member of the Royal Commission on Gold and Silver in 1887.

In advocating this policy he came into collision with the great bulk of orthodox opinion in currency matters in this country forcibly represented by the late Lord Farrer (with whom, I should think, he exchanged scores of letters on the question), and he certainly found himself in some queer company for a free trader. Mr. Gladstone expressed what is still perhaps the common opinion when he doubted "whether an instructed disciple of Cobden could be a bimetallist." From this point of view a word or two may therefore be said in this place, although the trend of events

and, it may be added, more than a share of mere bad luck have relegated bimetallism to the limbo of lost causes. The opinion to which I have alluded probably arose from the advocacy of bimetallism by certain classes and persons whose avowed object it was to bring about a rise of prices in gold standard countries in the interest of industries, such as agriculture, in which they were engaged. It is sufficient, perhaps, in answer to the contention that the bimetallic theory failed in scientific accuracy, to point to the fact that economists such as Professors Sidgwick, Marshall, Foxwell, and Nicholson all substantially approved of it, and that its opponents were in the end driven to ignore the fundamental principle upon which bimetallists rested their case, viz. a sufficiently wide area of international agreement. But to many minds there was always something which smacked of heresy in the proposal to fix by law the comparative prices of articles of commerce of which one might be produced more cheaply than another.¹ This was

¹ The "free trade" objection to bimetallism was that it was an interference with the natural course of trade. Here is Sir L. Mallet's answer: "The natural relative value of gold and silver to each other is I suppose their relative value irrespective of law, *i.e.* if neither gold nor silver were made currency by the arbitrary interferences of Government. . . . A Government selects one of the two to the exclusion of the other, and thereby doubles or trebles its value relatively to the other—How can you say that there is not an interference of law with the natural course of trade?"

an economic point of a kind to which Sir Louis Mallet always addressed himself with peculiar thoroughness, and such objections he accordingly traced to the cost of production fallacy which in his view pervaded the British school of economics; to the mistaken idea that labour was the source of value. Ricardo had stated that "gold is fifteen times dearer than silver . . . because fifteen times the quantity of labour was necessary to procure a given quantity of it." It was the converse of this which was nearer the truth. "Une chose ne vaut pas parcequ'elle coûte, mais elle coûte parcequ'elle vaut." It is because the price of gold as compared with that of silver is 15 to 1 that it is worth while to devote fifteen times the quantity of labour to its production. It was the relation between demand and supply (of which labour was only one of the elements) which fixed the price. He proceeded to demonstrate that if the only (effective) demand for two commodities such as gold and silver, which are required for the same purposes and serve the same functions, be subject to the condition that they shall exchange in a fixed ratio one to the other so long as the supply of both continues, they must exchange in that ratio, unless all the conditions which had hitherto governed the production of the precious metals

were subverted to such an extent that the cheaper metal has driven and kept the dearer one out of circulation and out of the control of Government—an extravagant hypothesis which, however, could hardly be used by monometallists as an objection to bimetallism, as it would directly lead to the universal use of a monometallic standard in the monetary system of the world.

Enough, however, has been said on this subject which greatly and perhaps uselessly occupied so many precious months of Mallet's time. He was led into it, as I have said, by the disorders produced in the "financial policy of a country in which successful government especially depends upon finance" by the absence of a common standard between this country and its greatest dependency; and it is now necessary to turn to his share in the reform introduced in that part of the revenue of India which is derived from taxation. Previous to the viceroyalty of Lord Northbrook two great measures of financial reform had distinguished the Indian administration. First those initiated by Mr. James Wilson, the first financial member of the Governor-General's Council under the Crown, who went to India in 1860 and to whom was due the establishment of an efficient system of public accounts and strict financial control throughout

India, the reduction of the general import tariff from 10 per cent. to $7\frac{1}{2}$ per cent., and the institution of an income tax; and secondly, the system of provincial assignments introduced by Lord Mayo in 1871 on the initiative of General Sir Richard Strachey, and subsequently developed by Sir John Strachey, when financial member of Council in 1878. These measures had given to the local Government a direct interest in the distribution and expenditure as well in the collection of their revenue. The years which coincided with Mallet's tenure of office (1874-1883) witnessed the progress of reforms which, so far as import trade was concerned, made India the most complete example of free trade principles in the world.

Two important forward steps were taken by Lord Northbrook. The salt duty, the great obligatory tax which falls on the masses of the Indian population, is now free from any objection save that which affects all taxation of the very poor.¹ In 1875, when the first breach was made in the system the amount of the duty varied in different provinces in some of which it was oppressive to the last degree, it had been necessary in order to maintain it to establish (in 1843) an inland custom line which extended

¹ At 2 rupees per 82 lb., to which Major Baring reduced it in 1882, it is equal to an annual tax of about 4d. per head.

across the whole of British India from the Indus to the Maharadi on the borders of Madras. "Along¹ the greater part of its length it was a huge material barrier which Sir M. E. Grant Duff, speaking from personal observation, said could be compared to nothing else in the world except the great wall of China; it consisted chiefly of an immense hedge of thorny trees and bushes, supplemented by stone walls and ditches, across which no human being, or beast of burden, or vehicle could pass without being subjected to detention and search. If this custom line had been put down in Europe it would have stretched, in 1869, from Moscow to Gibraltar. It was guarded by an army of officers and men some 12,000 in number, divided into beats, which were constantly patrolled by day and night and watched by 1700 guard posts. It may easily be imagined what obstruction to trade, what abuses and oppression, what annoyance and harassment to individuals took place."

It is unnecessary to enlarge on the obstruction to traffic of all kinds to which this objectionless of the abuses of a protective system gave rise, although the actual duties levied were confined to salt and to sugar produced in our territories passing into native states, and sometimes from

¹ See Sir John Strachey, "India: its Administration and Progress," 1903, p. 102.

one British territory to another. Lord Northbrook's Government initiated the work of its destruction which was completed under Lord Lytton by Sir John Strachey in 1878, but the final equalisation of the duties was deferred until 1882, when this measure, together with the reduction of the salt duty to two rupees per maund, formed part of the great budget of Major Baring (now Lord Cromer).

The salt duty has incessantly preoccupied the attention of Indian financiers, and Sir Louis Mallet, always on the side of the poor in matters of taxation, naturally bore a leading part in the controversies respecting its reform and reduction; but his own special field of interest and effort was the reform of the customs tariff. Fresh from years of attempt to persuade foreign countries to reduce their duties, he felt that "if there was an honest conviction at the bottom of our 'appeals' to them, consistency and principle alike demanded that we should insist on the removal of protective duties in India, as required in the interests both of the consumer and of the producer in that country." Convinced as he was of the evils of indirect taxation in general, and of protective duties in particular, he looked with hope to the possibility of increasing the wealth and therefore the taxable capacity of the population by the development

of foreign trade which would follow upon India becoming a great free port.

The general principle was reinforced in the case of India by the poverty of the population which caused indirect taxation, although the only form of taxation applicable to the masses, to press upon them with far more crushing effect than in the case of even the poorest of European countries. He thought the existing "customs tariff was a source of revenue wholly unsuited to India." He therefore at once turned his attention to this question. The difficulties were great, for though the revenue from import duties was small it could ill be spared by the Indian Government; and the official classes (with the exception of Sir John Strachey and his brother) were almost solid against their removal, partly from prejudice and partly for the reason which united with them the wealthier and commercial classes of India, the dread of a reimposition of the income tax. As he wrote from personal observation on the spot "the want of flexibility, the absence of resource, the complacency of most experienced Indians on financial questions is a source of daily surprise to me." Finally the Indian consumer was voiceless and politically powerless. Had it not been for the accident that a great British industry, that of the cotton manufacturers, was affected by the import duty

(in 1876-77 £811,000 out of the total of £1,275,000 was derived from cotton goods), the application of the principles of free trade to the Indian tariff might have been indefinitely postponed; though the outcries of Lancashire, which produced the calumny that the motive of the Government was the party purpose of obtaining political support in England rather than the real interests of India, has often threatened to do more harm than good to the free trade cause in the latter country. Here at all events was a question on which a man who was a recognised authority on free trade principles could intervene with decisive effect, and Mallet's correspondence shows with how much tenacity and resource he argued the case in favour of the abolition of the cotton duties. It was in truth the key of the position, for that reform once carried all the rest would necessarily follow.¹

¹ An event of much personal interest must be mentioned here. Some friction on this question having arisen between the Home Government and the Indian Government, Sir L. Mallet was sent out in the autumn of 1875 on a mission from Lord Salisbury to Lord Northbrook. As regards its main purpose the mission was a failure, owing to his falling dangerously ill of fever soon after reaching Calcutta and to Lord Northbrook's resignation early in 1876. But the few weeks he was able to enjoy in India with the opportunity of seeing the main places of interest, of talking with officials and others, and observing on the spot the working of the machine of Indian Government, were of the greatest use to him in quickening his interest in and knowledge of the country with whose government he was so intimately concerned. Among other results, it had that of convincing him that he could

Lord Salisbury's decision was soon taken, and his despatch of May 31, 1876, stating¹ that, in his opinion, while the abolition of these duties would give legitimate relief to a great British industry, it was a measure still more necessary in the interests of India (whether as regarded the consumer, the producer, or the revenue) and of an Indian industry which it was of the first importance should rest upon sound foundations, settled the question so far as the principle was concerned. But so far as practice was concerned Lord Northbrook's reduction of the import tariff to 5 per cent. all round remained for some years the only considerable step in advance. Sir John Strachey's accession to the office of finance minister, and Lord Lytton's whole-hearted accep-

not live in India, and therefore of causing him to decline suggestions afterwards made to him for his employment in high office in that country.

"One impression," he wrote some years later, "I brought back from India which I shall always hold as an article of faith, that our civil administration is dangerously undermanned. I talk to men like — and others, who to my mind represent the backbone of our experienced, modest, ignored and unselfish officials; the one burden of their song I always find to be the inadequacy of the strength at their disposal." Again, "Anything like good administration with our present strength of civil officers is out of the question. . . . There is really no limit, except our power, to the increased expenditure which is required to govern India properly. . . . We ought to have six Englishmen where we now have one to feel any sort of confidence in the nature of our rule."

¹ See Sir John Strachey, "India," p. 178.

tance of the principle of tariff reform inspired the most favourable hopes, and Sir L. Mallet wrote by request a statement of policy¹ which, for years to come, supplied the guiding principles of the financial administration, and much of which was embodied in Sir John Strachey's budget statement in 1878. It may here be quoted as a useful summary of his own ideas on the subject.

" 1. No country, however favoured by natural gifts of soil and climate or by its social and industrial conditions, can possess both positive and relative advantages over every other in all its products and manufactures. It is therefore essential to the highest prosperity of every country that it should possess a foreign trade.

" 2. It is, in the next place, most important that the conditions of this foreign trade should be as favourable as possible—in other words, that a country should be able to buy in the cheapest, and sell in the dearest markets.

" 3. It can hardly be doubted that these conditions cannot be fully attained without complete freedom of foreign trade from all fiscal restrictions, in the shape both of import and export duties.

" 4. But there are some principles of customs legislation which have not only been for many years cardinal maxims of English policy, but which are admitted by all who recognise the theoretic advantages of free trade.

¹ Quoted also in Sir J. Strachey's "India," p. 176.

“ 5. These are as regards imports :—

“ *a.* That no duty should exist which affords protection to native industry, and, as a corollary, that no duty should be applied to any article of native production without an equivalent duty of excise on the home product, or conversely, that no duty should be levied except for purely fiscal purposes.

“ *b.* That, as far as possible, the necessaries of life and the raw materials of industry should be exempt from customs taxation.

“ *c.* That duties should only be applied to articles which yield a revenue of sufficient importance to justify the machinery of collection and the interference with trade. As regards export duties, that they should only be applied to commodities in which the exporting country has a practical monopoly of production.

“ 6. These principles appear to be of general application, but in the case of India they acquire a peculiar significance. India is a country of exceptional poverty, and one in which the division of labour is as yet very little developed. On this account alone its prosperity mainly depends on its being able to secure a large and favourable outlet for its surplus production ; but there is a special feature in her economic conditions which renders this a matter of pressing and even of vital importance. This is the fact that her connection with England and the financial results of that connection compel her to send to Europe every year about twenty millions worth of her products without any commercial equivalent. As an illustration of the unsuitableness of British

India for taxes on foreign trade a comparison with the United Kingdom may be given.

“The value of imports and exports taken together per head of the population is in the United Kingdom about £20. In British India it is about 10s. The customs revenue of the United Kingdom is about 12s. per head, and that of India about 3d., showing that small as is the proportion of the foreign trade of India to that of England the proportion of customs revenue derived from it is smaller still.

“7. Here then is a country which both from its poverty, the monotony of its industrial life, and the tributary character of its political condition, seems to require from its Government before all things the most economical treatment of its resources, and, therefore, the greatest possible amount of freedom in its foreign exchanges.

“8. Under these circumstances, what are the conditions of production and consumption in India? How far is it possible to construct a tariff of import and export duties, which will comply with the canons of taxation, which have been laid down in the foregoing paragraphs? and how far does the existing tariff conform to those canons?

“9. On the first and second points it will be found that British India, by the extent and favourable condition of its territory, is capable of producing almost every article required for the use of man.

“10. If, therefore, a customs tariff be maintained, it will involve, in order to avoid the evils of protection, an excise duty to countervail the customs duty upon almost every item which it includes now, as excise duties are always costly,

vexatious, and inconvenient forms of taxation; this is of itself a strong reason against the retention of a customs tariff, and one which interposes a very serious difficulty in the way of constructing one.

“ 11. On the third point, viz. the conditions of the existing tariff, very little consideration will show that so far from conforming to the prescribed canons of taxation, there is scarcely one of them which it does not infringe—and that whether it be examined from a theoretic or a practical point of view it stands equally condemned.

“ 12. First. How far is it a protective tariff? The answer is that it is almost entirely a protective tariff, either in ‘esse’ or in ‘posse,’ for the reason to which reference has been already made, that nearly all the articles which it imports are either produced, or are capable of being produced, at home, and that, with the exception of spirits, none of them are subject to an excise. Again, the people of India are too poor to consume many luxuries—the import trade merely consists of what may be considered either the raw materials of industry or the necessaries of life. It will accordingly be found that nearly all the branches of customs revenue, which are of any importance, are derived from one or other of these sources, and that the revenue derived from other articles is so insignificant as neither to justify the machinery of collection nor the interference with trade.”

Unfortunately the activities of Lord Lytton's Government were not confined to finance. In the

same year Sir Louis Mallet found it necessary to raise a warning voice, and to ask "under what unhappy inspiration the devils of the Public Works Department had been again prematurely unchained and let loose upon our task" of tariff reform, just when a sufficient surplus was at last in sight. But as if the famine which had hampered Lord Northbrook and the public works prodigality which threatened Lord Lytton's operations were not enough, the culminating disaster of a new Afghan war now intervened to stop all further progress. It will be necessary to return to this subject in connection with Mallet's views on foreign policy, and I need now only remark that it supplied a text for solemn and reiterated warnings as long as warnings might be of some avail, on the intimate connection between policy and finance. "There can be no sound politics without sound finance. This is the only possible foundation of national greatness. There can be no sound finance without a wise and suitable foreign policy."

It may be imagined with what hopes he welcomed the advent of the Liberal Government of 1880, hopes indeed destined to be disappointed in some respects, but which in the field of Indian finance were amply fulfilled in the work of Major Evelyn Baring, appointed as Finance Minister to Lord Ripon. On all questions of Indian policy

Sir Louis Mallet was in complete sympathy with Major Baring, in whom he recognised at last a statesman qualified to promote and carry through all the reforms which he thought essential, and whose career he accordingly followed with intense interest and hearty co-operation. Together they at once set to work on the questions of public works and finance. On the latter Mallet wrote (September 1881):—

“From my earliest connection with the India Office, *i.e.* from the time I had a right to form an opinion, I have held that we should move steadily and even rapidly when possible, in purging the tariff and ultimately in making India a free port, in reducing the salt tax, and in establishing as a permanent part of our fiscal system some tax on the wealthy classes. Something has been done in all directions, but now is the time to crown the edifice. . . . I have never concealed my opinion that the present exemption of the rich is a scandal of the first order. . . . The only great financier ever sent to India, James Wilson, at once perceived the importance of an income tax¹ as part of our permanent resources. This ought never to have been lost sight of, but the truth is that no one except Strachey ever recognised the evils of our present indirect taxes.”

With the exception of the reimposition of the income tax, which was the necessary consequence of the other reforms and which accordingly fol-

¹ See, on this point, Sir J. Strachey's "India," pp. 171, 172.

lowed in 1886, the whole programme was realised in the great budget of 1882, which swept away all the import duties except those on salt and liquors subject to internal excise duties. Of the few remaining export duties that on rice alone was retained, and the duty on salt was, as above mentioned, reduced. This was in the highest degree satisfactory to the man who had for ten years watched the vicissitudes of the controversy, and to whose steady pressure and mastery of the intricate but fascinating problems of Indian finance some portion at least of the credit of the achievement must be due.

Sir Louis Mallet's term of service was now drawing to a close. Always a man of delicate constitution, the climate of London in winter was now becoming a source of positive danger to him, and he had only managed to carry on for the last three or four years by taking his annual holiday in the early spring months on the Riviera. His resignation accordingly took place at the end of September 1883, some months after Lord Kimberley, "that consummate master of the official art" and the last of the Secretaries of State under whom he had served, had come to the India Office. With all of them, beginning with Lord Salisbury, whose "love of work, energy, and strong tendency to prompt and decisive action" Mallet had noted with admiration, he had been

on terms to render the service most useful in a subordinate, namely, to speak with the utmost frankness without fear of giving offence; but his official relations were perhaps specially close with Lord Hartington, who recommended him on his retirement for a Privy Councillorship.

"Nothing," he wrote, "could have been more agreeable and flattering in every way than the circumstances attending my retirement." But on the whole a feeling of "immense relief" prevailed over the painful sentiments which it is impossible to avoid on such an occasion. "Some natural tears I shed but dried them soon."

"I go," as he wrote, "at a time of profound peace and unbroken prosperity," but he characteristically added, "perhaps as — says, at the moment from which the future historian will date the decline and fall of the British Empire in the East." The old problem indeed which had faced him ten years before remained, in spite of superficial improvement, unsolved, to his mind insoluble. He saw little sign of any real attempt either in India or in England to grapple with the increasing difficulties of British rule in India or to go to the root of the great questions which called aloud for attention. Even the ultimate object of our rule, the "final cause of our administration," that of fitting the population of India to govern themselves, which had been clearly

held in view by English statesmen of an earlier generation such as Lord Macaulay, no longer inspired more than a semblance of interest or belief. "Yet," as he said, writing on one occasion in warm approval of Lord Ripon's self-government schemes, "it is useless to expect success in our government of India unless we have something like a clear idea of the object at which we are aiming." Physical ill-health had begun to make the naturally complicated and difficult functions of the under-secretaryship peculiarly burdensome to him, and his experience of the working of "this huge unwieldy, and most inefficient administrative machine" had not convinced him of the possibility of reconciling a parliamentary with a despotic régime.

"You at least," he wrote to a viceroy on one occasion, "have the satisfaction of feeling that you are doing all that can be done, while here it is impossible for me not to feel daily that there is no serious attempt to take up anything except in the form of criticism, often obstructive, of the work of others . . . if I remain here much longer and can find the time I should like to leave behind me a scathing record of our shortcomings. For say what people may, they are the shortcomings of indifference; a party victory, a county election, any shuffle in the political cards at home touch men's minds more nearly than questions which affect the destinies of millions of your subjects in India."

To a secretary of state he observed—

“The British public, in its profound ignorance and still deeper apathy, except where political capital can be made out of them, too gladly accepts the easy rôle assigned to it by the Indian bureaucrat, that of believing a man must be right because he has spent twenty years in India. It is thus that the task of Indian reformers becomes almost hopeless.” British ministers, he added, “had no time to reach the stage of distrustful experience *as well as* reformers.”

These words are enough to show that he had become convinced of the impossibility of any strong initiative in favour of reform emanating from the India Office. The department was controlled by ministers who did not, and from the necessity of things could not, take an effective part in the government of India. “The fault is not in the men; it is in the system. The government of the British Empire is become a task too gigantic and too complex for any fourteen men in Downing Street. The work cannot be honestly done.” On the other hand there was the Government of India, between which and the Home Government there was always more than a possibility of an awkward collision; whose whole energies were indeed devoted to their task, but who were for the most part blind to the conditions of English democratic life, and whose decision and initiative might at any

moment involve Great Britain in crushing responsibilities. For the people of India were too poor, the economic conditions of the great mass, the cultivators of the soil, too hopelessly unsound and unprogressive to justify anything but "the most rigid parsimony in expenditure," and the ideas and policy of their rulers had imposed upon them not only "the cost of modern civilised government of an advanced socialistic type," but all the indefinite liability of imperial greatness and military rivalry. The burden was too great for India ; it must fall on the British people, and what then ? " Mr. Lowe once said that we had lost America by taxing her, and that we should lose our other possessions by their taxing us. This is the whole case. When the British workman feels rightly or wrongly that India is a burden, it will go hard with the connection."

It is not easy to give any sort of prominence to sentiments such as these without the risk of misunderstanding. Allowance must be made for modes of expression which were as far as possible from signifying any fatalistic relaxation of effort. I think they represent fairly what was at the bottom of his mind when he permitted himself to philosophise about India, and they are what might be expected of a man who had absorbed more thoroughly than most of his contemporaries

the liberal political teaching of the mid-Victorian epoch. But his opinions were also a matter of temperament. Capable as he was of enthusiasm, it was not in his nature to be fired by the idea of empire, of territorial acquisition, of military glory, of greatness in the sense of mere size, strength, or importance. A primary source of satisfaction to most of those engaged in the government of India was thus denied to him, and he was apt to dwell with all the more insistence on the aspects of government which interested him the most deeply, those connected with the economic condition of the people.

Such a subject of contemplation was, as regarded India, not exhilarating, and it is hardly to be wondered at that his opinions should sometimes have struck his friends as unduly pessimistic. His pessimism, however, if it may be so described, proceeded mainly from an acute realisation of what was really required as compared with what the actual conditions allowed of being done; no disqualification, it may be observed, for high imperial office. It was certainly not to indulge in the luxury of "vague general lamentations" that he expressed opinions which he knew were not popular, but with the distinct object of influencing those persons who were in a position to shape events while there was still time. For "the government of India," he said,

“is a personal matter, and all depends upon the persons.” But he was well aware that long views on matters of national policy, and especially views based on the liberal economic ideas which are supposed to have played so large a part in his day were unpalatable and to most minds unconvincing; to him they were vital and practical in the highest degree. “It is the fashion with ‘practical men’ to distrust principles, but there is no government worthy of the name without them, and for my own part every year’s experience only convinces me more and more of what I have held from a boy that there can be no statesmanship without a foundation of economical knowledge.” Time alone can justify or discredit the forebodings which he felt as to the course of national policy. But as regards India, it may well be thought that, in spite of the great achievements and devoted labour which have made the Indian administration perhaps the most splendid page in English history, little permanent progress has as yet been made in the solution of the difficulties stated by him, and that the dilemma between the poverty and the needs of the Indian empire is with us to-day in as serious a form as ever before.¹

Apart from all questions of controversy there

¹ See, e.g., an article by Sir Walter Lawrence in the *National Review* for April 1904, entitled “India’s Dual Problem.”

is a touch of historical interest in the opinions of a man whose position a well-qualified friend who did not on all matters see eye to eye with him described as follows :—

“You are a Cobdenite *pur sang*. But you have had opportunities which Cobden never had of acquainting yourself with the administrative requirements of our imperial system, and of late years especially you have directly participated in the Government of that portion of our Empire which is so imperial as to have monopolised the Imperial title. In matters imperial, therefore, you have the immense advantage of speaking as an expert.”

From this point of view, therefore, some further observations may be allowed on his general attitude towards the developments of imperial policy which marked the closing years of his life.

CHAPTER IV

IMPERIALISM AND SOCIALISM

SIR LOUIS MALLET's official career almost exactly coincided with the period of Cobden's influence on English politics and statesmen. Entering the public service at the commencement of Peel's great ministry, he left it, forty years later, just when the occupation of Egypt had struck the keynote of a new epoch; and when a period of active domestic reform and of unexampled material progress was to be succeeded by one of which expansion abroad and expenditure at home were the characteristic features. To one who clung to the earlier ideal of national development, the change which he felt was impending seemed little more than a reaction fraught with peril to the British people and empire.

"You and I," he wrote to a friend towards the close of the year 1882, "still believe with something very different from the second-hand belief of the rising generation in the free trade principles which excited so much enthusiasm in former days; but this is a thing of the past, and there is a deadness on these questions which infects public men who catch their inspiration

from platform and newspapers. It requires a robust and tenacious spirit to keep alive the 'sacred fire' in such an atmosphere as England now possesses. It is the day of empirics and opportunists, and there is little to which I can now look with any rational hope of the future. Until lately I was always able to feel that I was abreast of the liberal sentiment of the younger generation. Now I find myself dropping every day more and more behind in the universal acceptance of doctrines which are the product of either jingoism or socialism."

The train of thought suggested by these desponding words runs through much of Sir Louis Mallet's correspondence during the first two or three years after his retirement. Imperialism and socialism, and the relation of protection to both, were constant subjects of allusion and comment, and he saw in every indication of the growth or revival of these ideas confirmation of his fears that "whatever the future of England might be, it would not be that which Cobden's disciples had thought afforded a new hope for the future of humanity."

"No one except Cobden, whom I knew," he wrote in 1875, "has ever thought out the consequences of the repeal of the Corn Laws on the foreign policy of the country."

Cobdenic internationalism, which was simply a development of the assertion that the world

rather than the nation was the economic unit, is a serious stumbling-block to a generation which has come to accept as nearer the truth the counter assertion that there is "no pre-established harmony between world interest and national well-being." Mallet, no doubt, like Cobden, went beyond purely economic considerations in his championship of the international idea, and placed the assertion of "great principles of human freedom" above the "pursuit of selfish national aims." But Cobden's internationalism, like all his ideas, was based on practical rather than on sentimental grounds; on the broad principle that in commercial transactions between nations, as between individuals, the benefit must of necessity be reciprocal, and on observation of the mechanical agencies which work so surely towards the obliteration of national distinctions, in a material if not in a moral sense, as to make resistance to this process by means of tariff barriers appear a hopeless expedient. "The swift march of invention," it has been said, "is all for the invader." Cobden at all events was the first political writer to point out the revolution in foreign policy which must inevitably be produced by industrial development and education, popular government, and the increased economic interdependence of nations resulting from greater freedom of trade. All this applied with special

force to Great Britain with a vast and growing population becoming increasingly dependent for support upon imports of food and raw materials, and for wealth and well-being upon foreign trade. Protection, as the free trade school held, was at once the product and the outcome of national exclusiveness and of international rivalries with their train of wars, of armaments and taxation; and free trade stood for the reversal of all these conditions, and therefore necessarily carried with it the "non-intervention" policy formulated by Cobden.¹ The fact that the risks and liabilities of war were indefinitely increased by this process of development accounted sufficiently perhaps for the change in the spirit of foreign policy, a change which free traders advocated in the firm belief that further progress on the same lines would be rendered impossible by entanglement in continental struggles. The aspiration which Horace Walpole expressed for the future of his country, that, "Like the

¹ The term "non-intervention," wrote Sir Louis Mallet, has "in some respects been an unfortunate one. It has given colour to the idea that what was desired was a blind and selfish indifference to the affairs of other countries, and a sort of moral isolation as foreign to the principle of national interdependence, as it is impossible in connection with increased national intercourse. Cobden never . . . advanced the opinion that wars other than those undertaken for self-defence were in all cases wrong or inexpedient. The question with him was one of relative duties."—"Political Opinions of Richard Cobden," "Free Exchange," p. 42.

Romans," she should "domineer over the world and be free at home," was the opposite of what they thought possible. The *idle mère* of Cobden on the contrary, as Sir Louis Mallet described it, in a letter of 1877, was that it was the "duty of all Governments to provide as far as possible for the highest attainable well-being of the masses in their own country," and that this duty was "incompatible" with a policy of foreign adventure which in a modern community must mean taxation on a scale and of a kind to involve a fatal severance between the interests of capital and labour. The improvement, in short, of the material condition of the masses of the people for the first time superseded other ideals of national progress, and if Cobdenic statesmen laid stress on the dislocation of industry and the injury to commercial interests caused by war, it was because they realised as something more than an abstract proposition the always precarious situation of the poorer classes upon whom the real burden of war and taxation necessarily falls. They looked, therefore, on the maintenance of a sober and unaggressive attitude in foreign policy as an essential condition of the existence of the new industrial England which was the product of the free trade era; and they further held, in Mallet's words, that "our insular position, our economical condition, our maritime supre-

macy, and our colonial possessions had laid the foundation of a system of our own strong enough to stand aloof from the alliances and political complications of continental Europe."

These considerations had a profound if unacknowledged influence on the relations between Great Britain and her European neighbours in the period which succeeded the Crimean War, and they must be borne in mind if we are to understand the almost passionate protest of survivors of the Cobden school against later developments which, if taken by themselves, seemed perhaps of minor importance, but to them involved the renunciation of a great ideal of national progress. Sir Louis Mallet's letters reflect the disquietude excited in many sober minds by the action of the Beaconsfield Ministry in the near East and on the Indian frontier, and the accompanying "Jingo" agitation in the country: events which recalled to his mind the anxiety and apprehension with which Cobden had viewed the subject of British rule in India, and the obstacle which it would assuredly present to the "non-intervention" policy. Indian conceptions, indeed, of foreign policy were totally at variance with those which Mallet held of cardinal importance in the case of Great Britain. They were the conceptions (the reaction of which on political thought in England he more than once

drew attention to) of an educated and influential class which had received its political training in governing subject races under despotic institutions; and this class, "by the law of its being, was favourable to schemes of imperial ambition, to a reactionary foreign policy, to personal government and to privilege, to a lavish expenditure, and to indirect taxation—in a word, to chauvinism and to socialism." It was essential, he thought, to endeavour to reconcile the contending interests of the British people and the Indian empire if the great task of governing India successfully was to be performed. With this object he exhorted the representatives of the views I have alluded to "not to forget their base." Our empire is so vast "and our liabilities so great that we are apt to forget that the whole fabric rests upon a little island with thirty millions of people whose real wants and wishes are at present a matter of speculation to our most experienced statesmen."

It was difficult enough, he thought, to make the "working men of England see their interest in our Indian Empire without pursuing a policy which would end by reducing their wages and increasing their taxes." . . . "We have already an enormous Empire and an enormous trade." "At the stage we have reached, will our interests be better served by expansion at the cost of constant wars, vast and innumerable liabilities, a mad

race of rivalry and expense with other empires ; or by concentrating our resources and developing peaceful relations with the great English-speaking people? *It is no question of dismemberment, but simply of keeping what we have got.*" Whatever influence he had was therefore continually exerted against the "forward" school in Indian politics, the advance of the frontiers, the increase of military expenditure, and the expectation of inevitable war with Russia, "the stupid and hideous dream," as he called it, "of Anglo-Indian Chauvinism." A *modus vivendi* with Russia was indeed in his view, as it has been in that of most of those who have been responsible for Indian policy, the object to which the efforts of reasonable statesmanship should be directed. "Co-operation and not hostility is the only wise and hopeful attitude both in Europe and Asia." It would be useless to linger over a long past phase of Central Asian policy, and the matter is alluded to here mainly as an illustration of Sir Louis Mallet's point of view. It will therefore be sufficient to say that he dwelt with emphasis and much practical suggestion on this point. The close of the Afghan War was one of those moments which might perhaps have been seized by a true imperial statesmanship, and there was a disposition, on the British side at all events, in the Government

which came into power in 1880, to take up the matter in a practical spirit ; but the inherent difficulties of the subject were enormous, and proved too much for their patience, beset as they were with a recurring series of burning questions. Ireland and Egypt instead successively occupied all their available energies, and the development of the latter crisis was soon to justify Sir Louis Mallet's criticism that instead of steadily contracting the work of governing the empire, work which already "could not be honestly done," we were "extending it in every direction." To his mind it was no consolation that this extension was largely involuntary, for no one more clearly perceived that "non-intervention" could never be successful as a policy without definite views of what the interests of a nation required and how these interests could best be served. His strongest criticisms were always aimed at the danger of "drifting."

"You have often said," he wrote, with reference to Egypt, to a friend (by no means of the "Perish India" school), "it will never do to get twice into such a 'splendid scrape' as that in which we find ourselves in India. I own that this kind of statesmanship is peculiarly offensive to me, drifting into the very position which you begin by denouncing and disclaiming."

Difficulties and dangers were so successfully surmounted by the skilful and conciliatory statesmanship which Mallet himself lived to recognise, that the event may well appear to have belied the fears with which he looked upon the growing hold of England in Egypt. But the change in British foreign policy which the occupation foreshadowed, due though that change may have been to causes beyond the control of British statesmanship, was perhaps no less significant than he anticipated when he spoke of it as a "turning-point in our national history." "It may be impossible," he wrote in 1882, "to keep on the old liberal lines." Four years earlier he had stated his conviction that the creation of a great African empire, which he foresaw as the result of such an occupation, would mean that England would turn her back on her earlier and, as he thought, nobler ideal of civilisation.

"Imperial England and Industrial England," he wrote to a friend in 1880, "cannot co-exist. One must destroy the other, but it requires very little political education to see that while Imperial England could not survive industrial England many generations, industrial England, on the other hand, may have in store for us a far nobler and more independent national future than anything which our history has yet known." . . . "I feel very strongly that we have arrived at a stage in our national life when a thorough revision of our foreign and imperial policy is inevitable. It

is not a matter of taste but of necessity. Governments must address themselves to the task or perish. There is not a country in Europe in which these questions are not coming to the front, and the populations will not for ever submit to the crushing burden now thrown upon them ; but whether the present systems are replaced by sounder economic conditions or by the more palpable form of socialism will depend on the wisdom of our coming statesmen."

No observer of English society would deny the change of opinion which has taken place in the direction he feared during the last twenty-five years, since the days when the work of liberalism was defined as being "to watch the Foreign Office and take care of finance." The change is sufficiently shown by the fact that such ideas as I have quoted find nowadays no expression except among the circles of so-called "little Englandism." Yet they form the staple of the warnings addressed to leading men in both political parties by one who had had quite exceptional opportunities of judging of the trend of international policy and of the imperial and domestic situation of his own country. It would be idle to assume that so considerable a change does not correspond with a change in international conditions which neither Cobden nor his followers anticipated. It is no mere spirit of perversity, but rather an instinct of self-

preservation, which has convinced the present generation of the necessity of naval and military strength, and still more perhaps of positive aims in foreign policy. How that necessity has arisen is, of course, a question of history, but one on which Mallet had his own opinion, as the following passage from a pamphlet on finance published after his retirement shows. After a mention of the successful efforts in the direction of economy and the reduction of expenditure, which had characterised the budgets prior to 1874, he proceeded :—

“ We had succeeded in maintaining a somewhat reluctant neutrality in the American and Franco-German wars ; but the reopening of the Eastern question in 1876 presented an irresistible temptation to enter once more upon a policy of active intervention. What followed is well known. A wave of ‘ Imperialism ’ passed over the land and swept all before it. The cry of Russian aggression revived again the passions and the fears, the prejudices and the jealousies, which had been dormant since the Crimean War. Poets in easy circumstances wrote of the ‘ canker of peace,’ and a country in which 26,000,000 people live on a shilling a day was told that it was becoming rich and selfish. The nobler elements of the national character were invoked, and a successful effort made to extirpate, once for all, the pernicious doctrine of ‘ non-intervention ’ as unworthy of English traditions.

“ It was forgotten that among them there are

traditions of generations decimated by pauperism and crime, of unnecessary suffering and remediable wrong; and those who could not forget these aspects of the nation's life were denounced as the mean and unmanly advocates of 'peace at any price.'

"So deeply had this spirit entered into the heart of the articulate classes which control the course of policy, that even the succeeding Government—some of whose members, at least, came into power partly on a supposed reaction against it—after a brief lucid interval thought itself compelled to yield to the popular temper, and plunge still deeper into Imperial adventures.

"Under the influence of these generous emotions we have renounced our insular advantages, and become a continental power. We have undertaken to defend the frontiers of Asia Minor and the northern limits of Afghanistan. We have made ourselves practically responsible for the government and defence of Egypt.

"We have entangled ourselves in infinite liabilities in Southern Africa, and are preparing on the dark continent an empire vaster far than any which we have founded in Hindostan. We have annexed New Guinea and Burmah, and sown the seeds of another British India in North Borneo; we have resumed our place in the political system of Europe, and identified ourselves with its rivalries, its ambitions, its alliances, its military aggressions, its social dangers, and the economic convulsions with which it is threatened.

"Probably no country in so short a space of time has incurred prospective responsibilities of so grave a nature with such immense complacency.

"All this has been done deliberately by both

parties in the State, and apparently with the general acquiescence of the people. It is not surprising, therefore, that little has been heard of finance."

One who had spent ten years at the India Office could not be unfamiliar with, nor altogether without sympathy for, the arguments which are generally held to justify the imperial mission of Great Britain; the peculiar faculty of Englishmen for governing semi-civilised or savage races and the advantages which are undoubtedly reaped by those races; the stagnation or corruption of political life in countries which are without the stimulus of world-wide position and responsibilities. Such considerations would be common-places to him, nor could he have been blind to the growth, greatly accelerated indeed since he wrote, of rival empires and of competition for colonial possessions which has undoubtedly necessitated increasing military organisation and expenditure on our part. But the men of the Cobden school were little accessible to political and philosophical views of this kind. They were perhaps too much inclined to think that increasing responsibilities which have as a rule been undertaken with sincere reluctance could have been safely avoided; too prone, as one of their critics has observed, to believe that the energy of a nation is a constant quantity, and that what it does not squander abroad it will use at home.

However this may be, they certainly concentrated their attention on a very practical question. They asked themselves whether the strain involved by increasing imperial responsibilities would be tolerable for an empire situated as was Great Britain ; whether it would be possible for a nation which had become dependent for its very existence on trade and industry to meet such a danger as the competition of America when she opened her ports unless it diminished instead of increasing the burden of taxation ; whether, above all, the effort would be compatible with the maintenance of those traditions of finance and government which in their opinion had given her commercial pre-eminence and greatness as the free mother of free nations. The free trade school who, whatever their illusions, were at all events intimately acquainted with the conditions of popular life in their own country, held a very decided opinion in the negative.

“Of all the dreams,” wrote Sir Louis Mallet in the pamphlet already quoted, “in which modern Radicals indulge, there is none so idle as that any country, and least of all an old and thickly peopled country such as England with a limited territory, can be a great military power, rivalling in its schemes of aggrandisement and influence the fighting organisations of Europe, subjugating and ruling, and aspiring to civilise, vast continents of subject races ; and at the same time accomplish

the very different task—requiring all its energies, all its available wealth, and its highest ability—of ‘raising the condition of its people,’ and securing to the children of toil their due share in the reward of labour.”

Or again—

“If this is the prospect before us, and these the conditions of our future national life, there is no very evident limit to the demands which may be made on the national resources. . . . The only chance of lightening the strain will be to ‘throw over’ internal reform and revert to a scale of domestic expenditure more suitable to a country struggling with financial difficulties. At least then let us not delude the working classes by dangling before their eyes the prospect of better times and lightened taxation. Let us not deceive ourselves, or them, by thinking that we can at once gratify an imperial ambition, and raise the standard of life of our labouring population to the level of that enjoyed by other people of our own race and speaking our own tongue. It will be the standard of the past and not of the future, of the old and not of the new world.”

Like all men who hold strong and definite political views, Sir Louis Mallet often spoke as if he expected that the consequences he predicted from a certain course of action would show themselves with greater rapidity and certainty than was actually the case, and his warnings, however prophetic of the future, may

well have seemed exaggerated in 1885, when the country was only on the brink of more startling developments in the direction of national expenditure. Writing as he did when that expenditure stood at little more than half its present amount, he thought apparently that we had almost reached the limits up to which the property and incomes of a small minority of the population could be subjected to direct taxation without a disastrous recoil on the interests of the working classes; and that indirect taxation could not be further resorted to without causing the sacrifice of the advantages which these classes, and through them the trade and commerce of the country, had so far enjoyed over the other nations of the Continent. Experience has shown that, as far as the immediate future was concerned, he hardly allowed for the continued growth of wealth and prosperity, and that he underrated both the elasticity of the revenue system and the capacity of the people to bear a vastly increased burden of taxation. Neither, perhaps, did he fully appreciate the enormous strength of this country and empire compared with all its rivals arising from its social cohesion and homogeneity, the result not only of the national character but also, he would certainly have said, of the policy of the free trade era. The statistical material for anything like an

accurate judgment on the limits of taxable capacity was, as he admitted in his paper on the "National Income and Expenditure," insufficient, and unfortunately it still remains so. Sir Robert Giffen has shown that, in consequence of the vast growth of the nation's wealth, she should be better able to bear a vast burden of debt and taxation than she was during the first thirty years of the nineteenth century; and his figures, if figures alone were in question, might well seem conclusive. Sir Louis Mallet was aware of his suggestion that the country could bear a taxation of two hundred millions without serious inconvenience, but he did not agree with it. The real point on which he insisted in this pamphlet was that with an excessive expenditure no system of taxation can be equitable or even innocuous. Statistics, indeed, cannot do more than supply a basis—a basis, no doubt, too often lacking—for the reasoning and forecasts of statesmen. The liabilities of such a nation as Great Britain can hardly be measured by figures, and this country has no longer the proved and undisputed mastery of the sea, the monopoly of sea-borne commerce and of manufacturing industry at home, and a population which could subsist upon its own agricultural produce, which enabled her to survive the Napoleonic struggle. And in these days,

when if wealth has increased the desires to be satisfied by it have increased in even ampler measure, it remains to be seen whether British capital and British labour would submit to the conditions which were forced upon them as the result of that struggle, conditions which were "not only a reproach and a scandal, but an imminent peril to all our institutions."

That Sir Louis Mallet's own generation, however, should have remained cold to his fears about the future as I have described them is not surprising. He was himself considerably reassured by the course of events which followed upon Lord Salisbury's resumption of office in 1886. The national income was undoubtedly more than equal to the comparatively small demands which had up to that time been made upon it. The full development of the new policy was delayed beyond his expectation; but this fact, while it partly accounts for the indifference which disheartened him, hardly detracts from the value of his forecast of the situation which the continued growth of expenditure would sooner or later produce. It is a question of degree; but even when he wrote there was some justification for his opinion that "the time has surely arrived when the financial policy of the country should receive more attention than has of late years been given

to it, and not be wholly neglected by our younger politicians."

Concentration and consolidation, then, as opposed to expansion and increase of responsibilities, these were the lessons burnt in on Sir Louis Mallet's mind by the opportunities he had enjoyed at the India Office of "acquainting himself with the requirements of our imperial system." The real problem of empire for this country, as he conceived it, was that associated with the government of subject and alien races, for there was nothing inconsistent with British democratic conditions in the connection with great self-governing colonies of British race. But the idea of consolidation, by which he meant the building up and peaceful development of the component parts of the empire and especially of Great Britain as the pivot of the whole, began in his lifetime to take the form of an attempt to weld together the colonies and the mother country in a closer military and constitutional union. With the movement in favour of "Imperial Federation" he was not in sympathy, and as the subject is closely connected with Cobdenic controversies some allusion must be made to the views he expressed upon it in letters to friends who consulted him during the years 1884 and 1885.

The colonial question had been familiar to him from his early days at the Board of Trade, for that department had been intimately concerned with the measures for the abolition of preference for colonial produce, and, though less intimately, with those relating to the reform of the colonial system of government. To Mallet had fallen in this way a subordinate share in the discussion of the great problems which were so drastically handled by the Whig Government of 1846 to 1852, and he had even had the chance, which he declined, of a career of colonial employment. It is sometimes assumed that Cobden in his haste to get rid of the old colonial system acquiesced in the premature sacrifice, for so it may perhaps appear in the light of history, of the Imperial prerogative in fiscal matters which followed upon the grant of responsible government to the Colonies. Neither the Government nor Parliament, indeed, at the time contemplated any other sequel to the abolition of the monopolistic system of differential duties than the secure establishment (in Lord Grey's words) "of a system of free trade throughout the empire." But the absence of definite and binding enactment on this point proved fatal to this intention. Cobden, who had no belief in protection for a country in any stage of its growth, and who expressed the opinion on his deathbed to Mallet that "Mill's passage on

colonial industries would do more harm in the world than anything else he had said would do good," always deplored the fact that free trade had not been insisted on for the Colonies; and Mallet, who had had the opportunity at the Board of Trade of observing the abandonment of any attempt to influence their fiscal policy, echoed his sentiments when, writing on Cobden's political opinions, he remarked that the "inability even of the Government which was borne to power on the shoulders of the Anti-Corn Law League to appreciate the scope and importance of free trade, was in no direction more startlingly manifested than in their colonial policy," and asked whether "it would not have been possible when the right of self-government was conferred upon our colonial possessions to have stipulated as a necessary condition and a fundamental rule of imperial policy the complete absence of protection throughout the dominions of the Crown?"

It would be out of place here to discuss the many good reasons by which the *laissez-faire* policy actually adopted has been defended.

They are summed up in the opinion, which has been generally accepted, that the attempt to limit the fiscal freedom of the Colonies might well have proved to be incompatible with the maintenance of their political connection with the mother country; and the remarkable success from an

imperial standpoint of the anomalous and almost anarchical conditions which were allowed to grow up induced most of the free traders (except Lord Grey himself) to acquiesce in the course adopted. If, indeed, they had foreseen that the policy which they hoped would end in the conversion of the empire to free trade would be not unlikely to lead to a movement for the return of the mother country to protection, it may be questioned whether they would have been willing to relinquish their earlier views on this subject. Fifty years' experience had seemed to answer the question propounded by Mallet's words in the negative, but no political question, perhaps, is ever finally settled, and this one has lately assumed a new interest and importance.

In the comments which are made on the ordinary Cobdenic attitude towards the Colonies it is often forgotten that the idea of colonial empire to which Cobden and his friends were so strongly opposed was not that which prevails in our own day. As Sir Robert Giffen well puts it: "We are all Imperialists now because we have been accustomed to the idea of an empire united by bonds of affection, because all the different units are practically independent as Cobden wished them to be. But this was not the idea of empire to which Cobden was opposed, and though he had no

conception of any other empire than one bound together by force, as nobody had in his time, he is hardly to be blamed for wishing to put an end to the sort of empire which had come to be established, depending upon force and buttressed by all sorts of commercial restrictions hurtful to both the Colonies and the mother country."

In declaring himself in favour of the "freest possible scope for the interests, duties, and aspirations" of the Colonies, Sir Louis Mallet merely echoed what had come to be the view of all political parties as the only alternative to that of an "Empire bound together by force." On the revival of interest in colonial matters, which he lived to see, his comments were doubtless tinged with the recollection of the evils of the older tradition rather than with hopefulness as to the possibilities of closer union arising out of the new conditions which had been the result of its destruction. He was apt to see in the enthusiastic utterances of Imperial Federationists only a recrudescence of the baleful ideas of the past. The publication of Professor Seeley's work on the "Expansion of England" in 1884 was one of those restatements of historical facts and ideas which, whatever its intrinsic merits, marked a new epoch in English history, and had a corresponding effect on public

opinion. To him it appeared in the light of a revival of "detestable doctrines which will continue to poison the minds of the present generation." "The notion," he remarks, "of providing outlets for your people and your trade by extending your empire is the old idea which means of course conquest, international rivalry, scramble for territory, and war. The free trade policy was intended as a substitute for all this."

It is a matter of reproach against the free trade school that they looked, like Lord John Russell himself, without dismay to the possibility of the looser ties established on the breakdown of the system of colonial monopoly leading to the complete political independence of the self-governing colonies; and it would be easy to quote expressions from their speeches and writings which are quite out of sympathy with the modern phase of opinion in this country on the subject. But in such anticipations it was rather their forecast than their intention which was at fault. In one of his later letters, indeed, Mallet is found protesting against the insinuation that the Cobden policy was one of "disintegration—a nickname like peace at any price—or of deliberate or voluntary separation," and one of his reasons for condemning the federation movement was

the likelihood that it would "accelerate or precipitate the process of separation." The main difficulty in the way of a federative union was, however, its fiscal aspect, and in the following words he forestalled some of the objections which have been raised to more definite suggestions on this point :—

"These gentlemen who write so glibly about 'a world-wide Venice with its ocean streets' know nothing of India and the conditions of Indian rule. How is this part of the Empire, by far the largest in population, to be fitted into an Anglo-Saxon federation of self-governing people? Nor, confining our regard to the English speaking colonies with purely English populations, have I ever yet seen a possible or sane proposal for any system of federal finance, and this is the root of the whole matter. When it comes to taxation the whole thing will appear, as it is, a rope of sand. . . ." "As regards tariffs, is there a shadow of ground for supposing that Canada or Australia will regulate them in the interest of British trade whether in union or separation? Absolutely none; *unless* (and I am sure this lies at the bottom of much loose thought about federation) we entered into some sort of zollverein and gave them some kind of advantage in our markets. Even if this were consistent with our free trade policy, our present simple tariff does not admit of this except on a few articles. We might protect Indian tea or Australian wines, but what could we do for Canada? I assure you that the whole

policy in this respect rests upon ignorance of facts and fiscal possibilities."

Sir Louis Mallet's letters of this period contain but few references to the question of free trade in the usual limited sense of that term. With the exception indeed of the platform controversy in 1880-82, and of the sugar bounties discussion in 1888 when he was drawn into some correspondence in the *Times*, no question affecting the principles of the British tariff came to the front, although the Home Rule proposals had a bearing on them which he did not ignore. But such allusions as are to be found show that the writer did not, at the close of his life (which occurred during a period of calm both in foreign and domestic affairs) much believe that free trade was likely to be seriously challenged on its merits in this country. "No one," he wrote in 1889, "has ever been at the pains of examining our economical progress during the last fifty years without an absolute conviction that the wealth and trade of the country has made enormous way in consequence of free trade; and if this is true it must be equally true that to reverse our policy would arrest, or even send back, the course of our national industry. The evidence of this would be so soon apparent that people's eyes would

be opened before much harm had been done. I don't believe that a country committed as we are to free trade can go back. . . . Free trade was not carried by doctrinaires and theorists but by practical men of business. Adam Smith and Ricardo might have preached for centuries without Cobden." Again, "The truth is that free trade was forced on us by imperative necessity, and this is stronger than ever. We cannot go back without the loss of our population." He thought the idea that our Colonies and foreign countries would form a league to close their markets against us chimerical. "The real cause which keeps up hostile tariffs is the fiscal necessity imposed by war and armaments and by ignorance in the Colonies." . . . "What will really injure our trade will be American competition when they open their ports, unless meanwhile we set our house in order by diminishing the national burdens."

But while he did not believe in the success of a direct attack on free trade, he was keenly alive to the dangers which threatened the policy indirectly. For the policy of free trade, or free exchange, as he preferred to call it, had in his view a far wider significance than that which usually attaches to the name and work of Richard Cobden. The quotations I have given from his opinions on current matters of external policy will

have illustrated his view of the connection between foreign affairs and finance. The fiscal necessity imposed by "wars and armaments" might easily break down the free trade system in this as in other countries. But there was another side from which free trade was threatened quite as seriously and even more insidiously. The socialist theory of the State which was beginning to attract the younger thinkers and to exercise a powerful influence upon the action of both political parties, ran counter to all the ideas upon which the free trade policy had been built; and the arguments which were used in favour of socialistic experiments could and would be used in favour of protection. Not only was the theoretical basis of socialism and protection the same, but free traders had always maintained that protective tariffs, by favouring an unequal distribution of wealth, had been a cause of, and excuse for, the growth of socialistic doctrines. They drew from history and experience the lesson that both capitalistic monopoly and the industrial "enslavement" of the masses were largely the products of a protective system, and that they could only be mitigated by free exchange. The selfish and short-sighted reliance of capital on tariff restrictions would certainly tend to a reaction, equally selfish and short-sighted, by which labour would endeavour to

clip the wings of capital, and turn the engine of State interference against its oppressors. "So long," he wrote in 1871, "as Governments in the name of property and capital uphold monopoly, no honest man can deny to the working classes their share in the public spoil." Socialism, in fact, in Mallet's words, was "the direct offspring of protection," and the task of the free trade school, in one of its most important aspects, was therefore to combat socialism by removing its predisposing causes. They believed that, given a continuance of the policy of abstention from further entanglements and commitments abroad, England would have the chance of carrying through a great experiment, and proving that, under natural conditions, labour could more than hold its own with capital in the economic field. This conception was in harmony with British traditions. Great Britain will live in history for one supreme achievement, the establishment at home and in her offshoots of civil and political liberty. "*Toutes les libertés sont sœurs.*" The free traders would have solved the economic problem on similar lines, and their work was to this extent successful that in fifty years the prosperity of the working classes was doubled, and the growth among them of the tone and temper of Continental socialism was almost entirely prevented.

The reaction against these ideas began accordingly less among them than with a new school of economic thought among the younger Liberals who were increasingly disinclined to accept an optimistic view of existing social conditions. Upon this school, as the opening passage of this chapter shows, Sir Louis Mallet looked with suspicion as not only imperialistic but markedly socialistic in tendency.

I may here quote some observations he made on writers "who discard what they describe as the deductive or *a priori* method altogether, and seek to build up some comprehensive science of sociology by inductive or empirical methods:—

"No rational economist, indeed, pretends that the so-called science covers the whole ground of human life and motives. Very far from it. What is said, and said, I think, with unanswered cogency, is this, that there are certain universal characteristics of human nature, as human nature now exists, which furnish data for certain deductions. . . . It is enough for the purpose that they should be so general as to be universal among all people deserving to be called civilised.

"The most striking characteristics of the school I have mentioned, which has drawn much of its inspiration from Germany, appear to be the substitution of the national for the cosmopolitan or international idea, and of constraint or State control for individual action and personal freedom. It is obvious that these principles are in direct opposition to those on which the free trade system

is founded, and it was inevitable that they should soon have been found in open hostility to Manchesterism or even to Smithianism—names by which the doctrines of the League and of Adam Smith and Ricardo have respectively been designated by the German professors. It cannot be doubted that the views of this school have exercised a considerable influence upon many minds in this country—ably represented as it has been by Mr. Cliffe Leslie and Professor Ingram—but . . . it is obvious that they cannot co-exist with the maintenance of a free trade system, and that their acceptance would involve a period of purely empirical legislation and a series of reactionary economical experiments which could not fail seriously to retard the progress of civilisation.”

His uneasiness was brought to a head by the appearance of the “Radical Programme” in 1885, which seemed to him to focus all these speculations, and make them a practical danger. That famous publication with its “appeals against landlordism and capital,” and its projected “substitution everywhere of the state or municipality for the individual and liberty,” was calculated, he thought, to “undo all that wise men have tried to bring about from Turgot to Cobden.” These ideas may have been exaggerated and alarmist, as his friends among the practical politicians were eager to assure him; they were soon obscured by a political convulsion which ended in the reconstruction of Parliamentary parties; but

they appeared to him at the time a challenge to all the principles in which he believed, and they are mentioned here because of their effect in stimulating the ardour with which he had thrown himself, on his retirement from office, into a fresh examination of the theoretical assumptions both of the chief socialist writers and of the English school of economists. These studies, interrupted indeed by his labours as a member of the Gold and Silver Commission in 1887 and 1888—"quite the toughest and least satisfactory of all my labours"—occupied much of his remaining leisure. With his taste for abstract reasoning, and his belief in political economy as a deductive science, the task of criticising the State socialism of the historical school, and of analysing the theory of value of the older economists was a very congenial one.

"Those who in recent years," he wrote,¹ "have been called upon to take a part in the defence of the free trade policy (to use that expression in its more special sense) against the attacks of its avowed or disguised opponents in this country, must often have felt the difficulty of imparting to their advocacy the fire and freshness which are required to raise and stimulate public opinion. It is hardly possible to kindle en-

¹ Chapter I. of the "Unearned Increment," a piecing together of some results of his later studies, published in "Free Exchange," 1890, p. 225.

thusiasm by appeals to principles which most people have accepted, and to facts with which every one is familiar. As Mr. Bagehot has said, 'to the modern Englishman free trade is an accepted axiom of tedious orthodoxy,' and to many minds even a heresy or a paradox is often less unattractive than a truth which has become a commonplace."

After alluding to the various disadvantages under which free traders had laboured, such as the failure of Cobden's prediction as to the speedy adoption of free trade by other countries, and the check to commercial and fiscal reform which had been the result of the reaction in favour of nationality and military preparations of precedented magnitude, he pointed out there was another, "perhaps less transient cause," of the reaction he noted in the minds of thinking people. "The deeper and subtler agencies" which had been slowly undermining "the intellectual movement" at the basis of the free trade policy he found in the failure of the Ricardo-Mill school of economists (as distinguished from the French school founded by Condillac) to recognise the connection between property and free exchange. "The former," he said, "without any very logical inquiry have confined their meaning to the free exchange of the products of industry or labour, while the latter have always considered free exchange as nothing more than one

of the incidents of private property." There can, as he justly observed, be no free exchange without property, for a man must possess something before he can exchange it for something else. It was precisely the right of private property which was challenged by the English doctrine of the cost of production as a cause of value. It followed from this doctrine that whenever any part of the value possessed by any commodity was the result of a "natural monopoly" (such as the land), such additional value was, as Mill described it, "unearned increment," an illegitimate subject of private appropriation, and therefore of free exchange.

It was this doctrine, "startling" as he found it on re-examination "in its shallowness and crudeness," which made the fortune of the Continental schools of socialism, for "Vidal, Considérant, Prudhon, Karl Marx, and Lassalle drew their deadliest weapons from Ricardo's armoury, and Henry George's constant appeals to his authority have recently revealed how readily his doctrines lend themselves to attacks upon the social order."

It would be out of place here to repeat arguments for the belief that the doctrine of private property is just as important when applied to natural monopolies, such as land, as when it is applied to what are called the pro-

ducts of labour; and that it is to be defended, not solely or mainly in the interest of the proprietor, but in that of the consumer or of society at large. These arguments are familiar enough to economic students, though their bearing on the social controversies of the day has perhaps not been fully developed in English economic writings. The task of presenting free trade as the true alternative to socialism which Mallet set himself he did not live to perform; but the notes published after his death indicate clearly enough the main lines on which he was working. It was only, as he sought to demonstrate, through the existence of private property with its automatic action in at once stimulating supply and curbing demand that the so-called "gifts of nature" can be made increasingly available to the community at large, consistently with the maintenance of human freedom and personal responsibility. He did not share the belief of some modern teachers that another system could be devised by which men might be induced to surrender their personal liberty in freely exchanging their services and be relieved of the responsibility of providing for themselves and their children without their motives for exertion being thereby impaired. The remarks quoted on the Indian land question in the preceding chapter give the gist of this argument,

which he now applied to the question of nationalisation of land and to the housing problem in great cities.

Private property, therefore, as an institution found in him a convinced champion, because he believed that, given the indispensable condition of the free and unfettered exchange of the products of labour, it was in the actual conditions of human life the only means of ensuring the diffusion of material prosperity among the masses of the population. By one simple but supreme test every economic system must be justified or condemned. "Whenever it is found that the accumulating wealth of a country is not accompanied by a progressive augmentation of that portion of the annual product which falls to the share of the direct producers or working classes, it is a sure sign that the economic mechanism of the nation is disordered, and that imperious social laws have been infringed." Judged by this test, he was justified in assuming that the existing system had little to fear in comparison with rival methods of social organisation. In no country, as all statistics proved, had so great a revolution been effected in the material situation of the poorer classes through the agency of lowered prices and increased wages as had been the case in England during his lifetime; and that fact told not only in favour of the "capitalistic"

régime, but also of the policy of free exchange, imperfect and limited as its application had been even in this country. To admit the claim that the progress made in this or other countries was due to legislation of a protective, restrictive, or socialistic character, was in his opinion very like saying that a train goes sixty miles an hour *because* it is for obvious and necessary reasons fitted with brakes. But the safe and healthy working of a system based, as all modern civilisations in the main are, on individual ownership of the instruments of production, depended in his opinion on the perfect freedom of competition and exchange of services and commodities at home and abroad. "The free trade school," he wrote, "hold that the limitation and inequality of natural gifts and favours must be accepted as a fact, and that all man can do in utilising them is to expose them to the greatest possible competition, which can only be done by complete freedom of exchange." Upon free exchange, therefore, he relied for the increase of the "net product," the "great aim of civilisation"; and for the diminution of the evils of that monopoly which is the essence of all property. The resistance to this principle is perpetually manifesting itself, whether in the form of protection to limited and sectional classes or in the more general form of State socialism. "The form and names may differ, but they all

alike mean privilege and compulsion," and they are all established at the expense of, and to the detriment of, the community at large.

The bald statement of conclusions like these, built though they were on a foundation of careful economic thought and investigation, may doubtless sound unconvincing. They lie, of course, at the root of much of the practical work of the free trade school and cannot be passed over in any survey of its ideas; and there is a foundation of truth in the popular view that Cobden and his friends too rigidly adhered to *laissez faire* and unrestricted individualism in every sphere of national life. They may, some of them, have been influenced in this direction by the tenets of the philosophic radicalism of their youth, though they would have been the first to disclaim for themselves the pretension of philosophy, and did not always obtain from the philosophers the assistance in their practical free trade work which they might have expected. There is, however, a good deal of exaggeration in the picture, which is drawn by contemporary historians, of the mid-Victorian era dominated by fanatical advocates of "cut-throat competition" as contrasted with present conditions of well-ordered State regulation and enterprise. Mr. Leonard Hobhouse has lately presented an antidote to such a view by his endeavour to

reconcile the opposing principles of the older liberalism and of socialism in his brilliant study on "Democracy and Reaction." With much of his analysis all whose energies are genuinely concentrated on the "problem of progress" will agree. It may be doubted, indeed, whether the subject of this memoir would have accepted Mr. Hobhouse's contention that it is only the perversion of the two creeds which need necessarily conflict; but he would certainly have welcomed his sympathetic and, above all, practical appreciation of Cobdenic ideas. For the school he represented was one of practical reformers whose energies had been called forth by serious practical evils, evils which they had no small success in redressing. They differed, indeed, from their successors in the fact that they imagined a harmony between moral and economic laws, and believed in the identity, not only of the interests within a nation, but of the interests of all nations; but their faith gave them the force and effectiveness which are scarcely supplied by a more critical appreciation of the limitations of economic science. These pages will at all events have shown how, in one of them, practical work was inspired by principles which were in a true sense socially conservative as well as profoundly humanitarian in aim and sentiment. "If," he wrote on one occasion, "I did not believe that the free opera-

tion of natural economic laws tended to raise the condition of the masses and to bring about a less unequal distribution of wealth, I should take very little interest in political economy or in public affairs."

It would probably be a just criticism that in seeking for a theoretical basis for the growth of socialistic doctrines and for the decline of free trade faith, Sir Louis Mallet assumed the existence of motives which have little or no weight with his countrymen, and that he neglected more obvious explanations of the phenomenon he deplored. It is doubtful, indeed, whether economic theory, either in the form of Cobdenism or of socialism, has ever seriously appealed to the British mind. Socialism as an intellectual creed has probably, with other intellectual movements, rather lost than gained ground in this country since the date of his speculations, however extensive its practical development may have been. Socialistic experiments have been largely of a practical and business order, and their success or failure will in the long run be tested from this point of view. It is probable, on the other hand, that the unpopularity of, or indifference to, the teachings of the older political economy arises partly from their negative character as usually presented, and partly from an acute realisation of the failure

of modern civilisation in many important respects. Great as has been the increase of material prosperity measured by all available statistics, the social organisation necessarily presents many disquieting features in regard both to capital and to labour. Capital, we are told, is concentrated, if not increasingly, at all events too largely for social stability, in the hands of a small minority of the population; while public and private extravagance and the growth of the gambling spirit in British enterprise are dangers which have attracted the attention of economists though they cannot fairly be ascribed to the free trade policy. On the other hand, the British working-man has undoubtedly failed to respond so fully as was hoped to the opportunities offered by that policy. The congestion of the population in the large towns, a process accelerated by free trade, has produced evils which threaten the very life of the nation, evils which may seem to require the most drastic intervention on the part of the State, though that intervention may only accentuate the difficulties of the problem unless the whole level of living and aspiration can at the same time be permanently raised. A rapid increase and long continuance of prosperity has done less in this direction than might have been expected; in some respects it may even have demoralised the working classes (and not only the

working classes) of the community. Higher wages and lower prices, in spite of the enormous improvement they have undoubtedly effected, have failed, by the admission of some of their own leaders, to produce either the moral self-restraint or the habit of saving which might by this time have placed the poorer classes, as in France, in a position of unassailable strength and independence; and it is a fair criticism of the free trade financiers that they in some degree sacrificed to the desire to remove every possible fiscal burden from the shoulders of the workman not only the chance of materially reducing the national debt, but also the opportunity of raising by legislative effort the physical, moral, and educational level of the people.

But whatever strictures may be passed upon our civilisation to-day, there is no need to assume that the free trade school were blind to evils for which they had no obvious or immediate remedy to offer, and with which their successors, it may be observed, are grappling, if at all, in a purely tentative and empirical fashion. Mallet, indeed, carried the war into the other camp.

“Before accusing economic science and free exchange, I would ask whether with our present laws as they affect our land, our currency, our fiscal and Colonial systems, our foreign relations and our military and naval administration, we

may not rather trace our failure to a systematic and deliberate violation of their most imperious precepts; whether the success of what is called practical statesmanship is such as to justify its cynical contempt of principles, and whether it is wise to condemn and discredit as ineffectual a policy which has never yet been tried?"

"We have obtained enough free trade," he wrote as early as in 1869, "to enable our upper and middle classes to acquire more wealth than with their present education they can either employ wisely or spend innocently . . . but not enough to feed and clothe and house our people."

The retort is characteristic of the reliance of this school on economic policy, and their tendency to overlook in comparison the moral and intellectual influences which may make or mar a nation. They did not perhaps fully realise the complexity of the forces which make for social progress or social failure. Their own over-hopefulness is indeed one main cause of the criticisms now levelled at their policy. But they had at all events the courage of their convictions, and in view of later developments which appeared still further to discredit their ideas, Sir Louis Mallet continued to maintain that in so far as economic causes were concerned the best hope for the future lay in adherence to free trade methods, using the term in its wider sense. He continued to maintain also that, in

the sphere in which the State can act most directly and ostensibly on the welfare of a nation—that of taxation—it was the supreme duty of statesmen to keep down expenditure, the burden of which must, in whatever form it was met, but more especially in the form of indirect taxation, not only become a fatal handicap to a nation the breath of whose life was commercial activity, but must also fall with crushing weight on the poorer classes of the community. In his opinion one certain result of the growth of public expenditure, whether for foreign or domestic objects, would be to accentuate the conditions of which protection and socialism were the symptoms. If he had survived he would doubtless have noted, as some confirmation of his economic forecast, the revival of certain theories of taxation in the opposite camps of advanced imperialism and of militant radicalism. With the former revenue necessities have given the opportunity for a general attack on the policy of taxation for revenue only. And a portion at all events of the other extreme wing, while they speak with the voice of Cobden on internationalism and empire, turn their back on the most essential part of Cobden's teaching, the reliance on the free play of economic forces, and largely discard the solution of the social problem offered by the policy of free exchange. Impressed on the one hand with

the part which, as they assert, capitalism has played in the struggle to secure foreign markets by conquest and annexation, and on the other with the "hungry mouths, ill-clad backs and ill-furnished houses which indicate countless unsatisfied wants among our population," they invoke the engine of taxation both to increase the public income which can be spent in "raising the standard of consumption," and to "strike a blow at those elements of income which tend to unhealthy accumulation and constitute the tap root of imperialism."¹ Another and more numerous section is not only socialistic but strongly imperialist in its leanings, and their writings show clearly enough the hopes which are being founded on the contemplated failure of the present political parties to deal with the problem of the government of the empire. "Conscious socialism will create a party with a purpose and a faith" to take their place.² It is perhaps not quite fanciful to trace in such utterances as these the beginnings of a development which the older free trade school expected and feared when they set their face against the newer tendencies in international policy.

Too much stress, it may be thought, has been

¹ See Mr. J. A. Hobson's "Imperialism," 1902.

² See Mr. Bernard Shaw's "Fabianism and the Empire," 1900.

laid in the present chapter on views which most people will hold to be only a collateral issue of the economic opinions with which Sir Louis Mallet's name is associated. I can only repeat that with him they sprang from practical experience of affairs, and from the conviction that the free trade policy was one which pervaded political thought in many directions, and especially affected international relations. Some indication has been given of the qualifications which friendly critics might be inclined to apply to opinions, to a certain extent, at all events, the outcome of a mind more than ordinarily prone to clear-cut logical propositions in politics as in economics. But it is unnecessary, nor would it be desirable, for the present writer to comment on the views of which it has been his object merely to give a faithful account. It may, however, be observed that if they are to be taken as a fair representation of Sir Louis Mallet's standpoint they must be read, not in any perversion of their meaning as preaching an impossible abandonment of imperial responsibilities which are as much a part of the national life as the domestic interests so much nearer to the heart of Cobdenic statesmanship, but as emphasising the vital truth that the existence of the empire depends in the last resort on the economic efficiency of the British people, and therefore

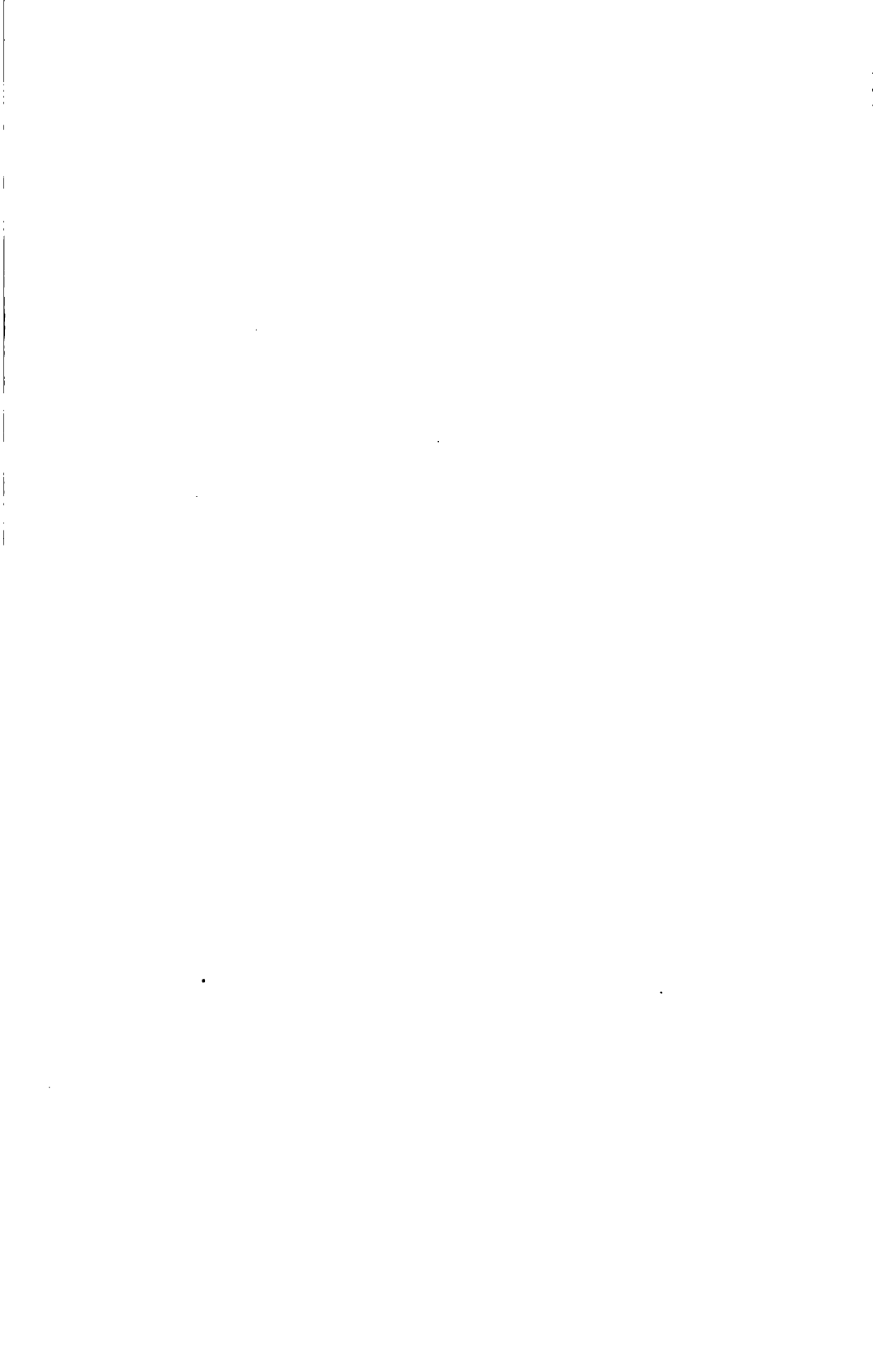
on the moderation and wisdom of their imperial aims and ambitions.

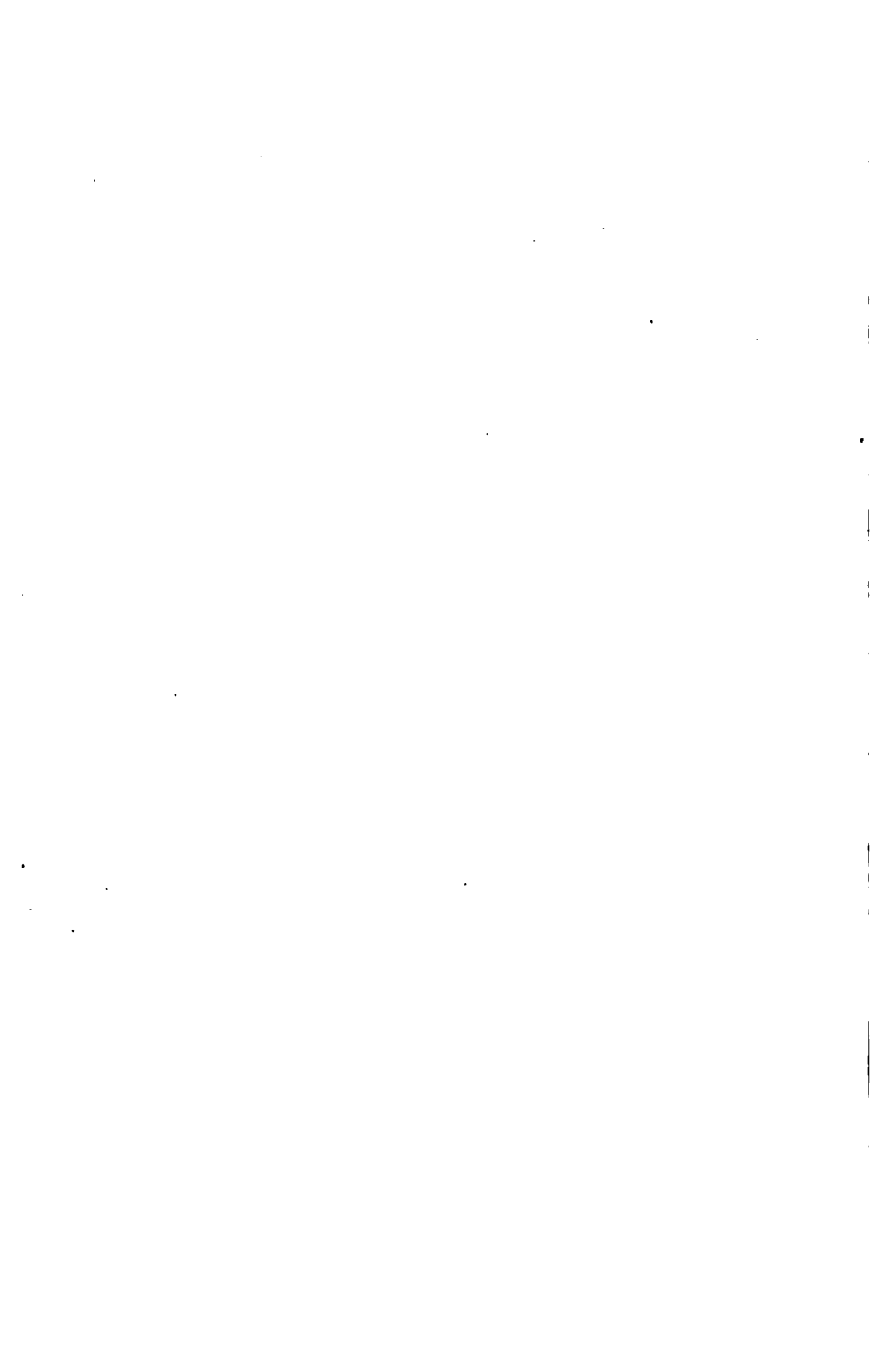
For half a century at least writers and statesmen have periodically warned the British electorate of the dangers attending any extension of their foreign possessions, and of the difficulty of combining such a course with the task of securing for the working population a standard of living which will enable them to compete on equal terms with rivals unhampered by national debts and national armaments. So far Great Britain has apparently been equal to the pursuit of the two incompatible political ideals which her destiny has forced upon her, and has belied the profound remark of Mountstuart Elphinstone that "most mistakes in politics arise from ignorance of the plain maxim that it is impossible for the same thing to be and not to be." The subject of this memoir asked himself, with some misgivings, whether she had really succeeded in the effort, or whether she had only been "drawing bills on futurity which have not yet matured." Would she be forced into an excessive development of the military and imperial element of the national life with an inevitable liability to disruption without and socialism within? or would the British genius for compromise make it possible to steer a middle course, and carry to its fitting conclusion the enterprise of promoting

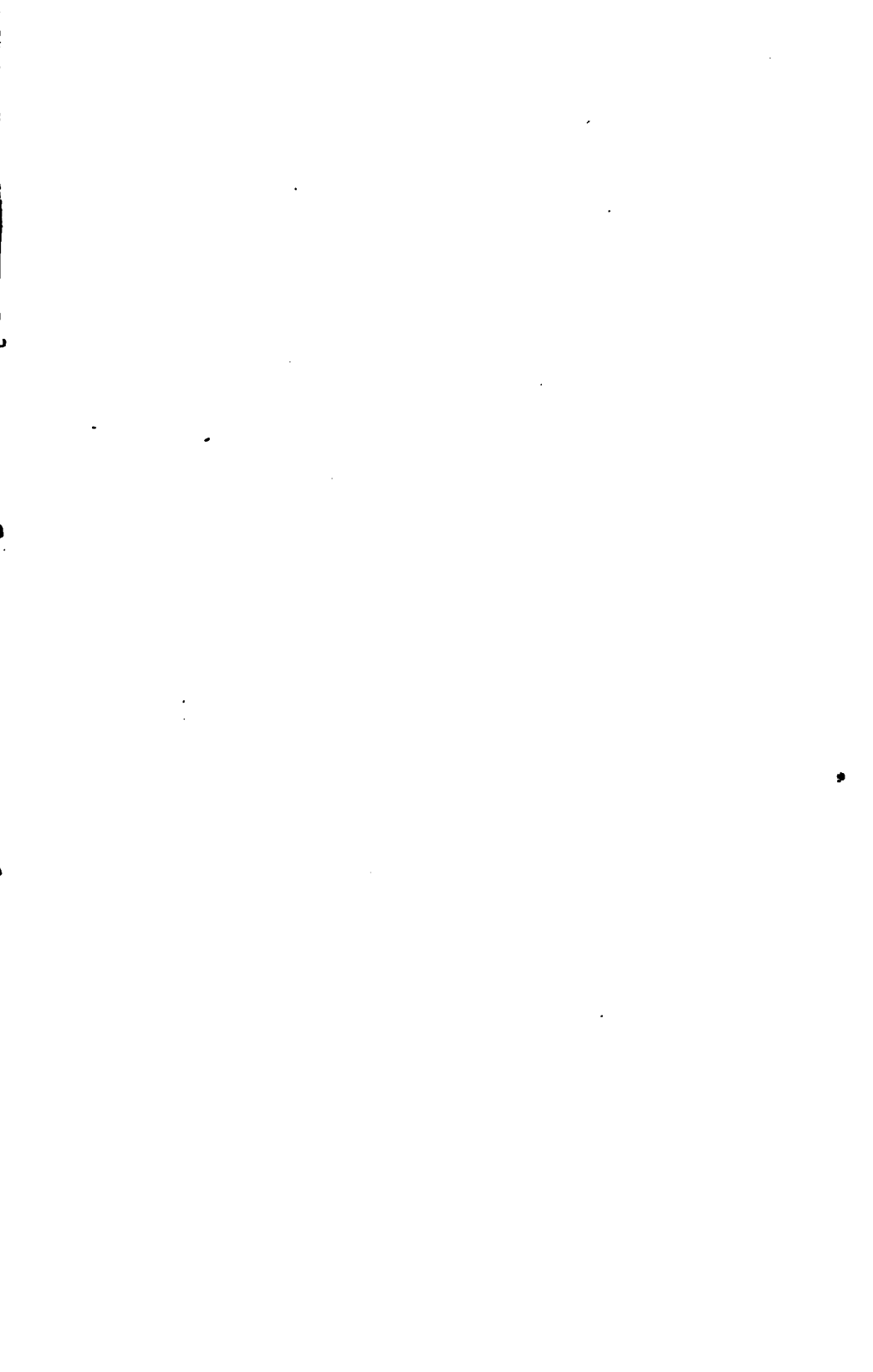
the free progress of the nation at home, while founding free nations abroad and spreading over a large portion of the earth's surface British traditions of Government and commerce?

This is the question which underlies most of the speculations and reflections quoted in the present chapter, the question which engaged the attention of a survivor of the old economic school when he surveyed the political activities of a younger generation. Whatever permanent importance the opinions of Cobden and his friends which now seem to many to be inadequate and outworn may prove to possess, some interest certainly attaches to Sir Louis Mallet's trenchant assertion of the fundamental differences between the two schools of political thought which have between them swayed the fortunes of the country, and will, it may be supposed, continue to do so as long as she retains the dual character of a democracy and an empire.

THE END







THE UNIVERSITY LIBRARY
UNIVERSITY OF CALIFORNIA, SANTA CRUZ

This book is due on the last **DATE** stamped below.

DA565.M3M3



3 2106 00031 6601

